



# North America Power & Utilities

## Rolling Valuations to 2023

**We have initiated 2023 estimates for our coverage and updated all price targets based on 2023 estimates. This update combined with EEI updates and relative price moves has resulted in the following ratings changes:**

- Upgrading AEE to Equal Weight, from Underweight, on underperformance and higher projected earnings.
- Upgrading NI to Overweight, from Equal Weight, on higher earnings growth from the increased electric capex in Indiana.
- Downgrading NWE to Equal Weight, from Overweight, on outperformance and lower projected earnings.
- Downgrading PNM to Underweight, from Equal Weight, on low projected return given pending acquisition, along with view that and increased bid is unlikely near term.

**With election results and multiple positive COVID-19 vaccine trials, risk appetite appears to be alive and well.** In utilities, much like in other sectors, risk has outperformed momentum in recent weeks. This has manifested in a long awaited contraction in the PE disparity in the sector. We believe this trend will continue as investors seek risk and value over defense and momentum. We continue to see names with idiosyncratic risks expecting near term resolution along with utilities possessing higher energy exposure to be in favor given this dynamic. This aligns well with our Overweight ratings on SRE, PCC, SO and PNW and Underweight ratings on ED and WEC.

**Based on EEI, Q3 and recent meetings with management, we highlight updates to stock investment theses, where our ratings remain unchanged.** COVID-19 load impacts into 2021, rate case expectations, guidance updates, capex updates, corporate actions and more have been discussed recently. We highlight by stock where these changes cause a shift in our investment thesis.

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 42.

### RATING CHANGE

#### North America Power & Utilities

**POSITIVE**

Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

#### North America Power & Utilities

**Eric Beaumont, CFA**

+1 212 526 8334

eric.beaumont@barclays.com

BCI, US

**Ian Rapp**

+1 212 526 3492

ian.rapp@barclays.com

BCI, US

**Evan Friedman**

+1 212 526 4824

evan.friedman@barclays.com

BCI, US

**Anthony Aron**

+1 212 526 6096

anthony.aron@barclays.com

BCI, US

## Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price		Price Target		EPS FY1 (E)			EPS FY2 (E)		
	Old	New	17-Nov-20	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
<b>North America Power &amp; Utilities</b>	Pos	Pos										
Alliant Energy Corporation (LNT)	EW	EW	54.73	56.00	<b>65.00</b>	16	2.40	<b>2.46</b>	3	2.58	<b>2.52</b>	-2
Ameren Corp. (AEE)	UW	<b>EW</b>	80.60	79.00	<b>95.00</b>	20	3.41	<b>3.38</b>	-1	3.71	<b>3.73</b>	1
American Electric Power Company, Inc. (AEP)	OW	OW	86.73	93.00	<b>107.00</b>	15	4.33	<b>4.35</b>	0	4.65	<b>4.62</b>	-1
American Water Works Company, Inc. (AWK)	EW	EW	159.29	138.00	<b>173.00</b>	25	3.86	<b>3.89</b>	1	4.22	<b>4.25</b>	1
CenterPoint Energy, Inc. (CNP)	EW	EW	25.17	21.00	<b>27.00</b>	29	1.27	1.27	-	1.36	1.36	-
CMS Energy Corporation (CMS)	EW	EW	63.83	65.00	<b>75.00</b>	15	2.67	2.67	-	2.86	<b>2.84</b>	-1
Consolidated Edison, Inc. (ED)	UW	UW	79.25	74.00	<b>83.00</b>	12	4.24	<b>4.25</b>	0	4.52	<b>4.47</b>	-1
Duke Energy Corporation (DUK)	EW	EW	92.92	87.00	<b>102.00</b>	17	5.08	<b>5.14</b>	1	5.18	<b>5.24</b>	1
Edison International (EIX)	EW	EW	65.60	57.00	<b>69.00</b>	21	4.43	4.43	-	4.58	4.58	-
Essential Utilities, Inc. (WTRG)	EW	EW	44.88	45.00	<b>50.00</b>	11	1.56	1.56	-	1.67	<b>1.62</b>	-3
Eversource Energy (ES)	EW	EW	91.75	88.00	<b>100.00</b>	14	3.70	<b>3.62</b>	-2	3.94	<b>3.89</b>	-1
FirstEnergy Corp. (FE)	EW	EW	28.74	32.00	<b>33.00</b>	3	2.50	2.50	-	2.63	2.63	-
NextEra Energy, Inc. (NEE)	EW	EW	76.61	301.00	<b>87.00</b>	-71	9.04	<b>2.28</b>	-75	9.87	<b>2.45</b>	-75
NiSource, Inc. (NI)	EW	<b>OW</b>	24.75	25.00	<b>29.00</b>	16	1.33	1.33	-	1.33	<b>1.38</b>	4
NorthWestern Corporation (NWE)	OW	<b>EW</b>	60.38	59.00	<b>63.00</b>	7	3.37	3.37	-	3.62	<b>3.51</b>	-3
OGE Energy Corp. (OGE)	EW	EW	34.21	33.00	<b>36.00</b>	9	2.14	<b>2.15</b>	0	2.20	<b>2.26</b>	3
PG&E Corporation (PCG)	OW	OW	11.72	13.00	<b>14.00</b>	8	1.62	1.62	-	1.00	1.00	-
Pinnacle West Capital Corporation (PNW)	OW	OW	86.78	89.00	<b>103.00</b>	16	4.90	<b>5.06</b>	3	4.92	<b>5.09</b>	3
PNM Resources, Inc. (PNM)	EW	<b>UW</b>	48.90	50.00	50.00	-	2.11	<b>2.28</b>	8	2.29	<b>2.37</b>	3
Public Service Enterprise Group (PEG)	EW	EW	59.05	59.00	<b>65.00</b>	10	3.41	<b>3.43</b>	1	3.43	<b>3.40</b>	-1
Sempra Energy (SRE)	OW	OW	134.06	146.00	<b>159.00</b>	9	7.57	7.57	-	7.99	7.99	-
The Southern Company (SO)	OW	OW	62.36	61.00	<b>73.00</b>	20	3.18	3.18	-	3.34	<b>3.27</b>	-2
WEC Energy Group, Inc. (WEC)	UW	UW	100.18	94.00	<b>107.00</b>	14	3.75	<b>3.77</b>	1	3.97	<b>4.02</b>	1
Xcel Energy Inc. (XEL)	EW	EW	72.63	70.00	<b>82.00</b>	17	2.73	<b>2.77</b>	1	2.97	<b>3.01</b>	1

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.

FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research.

Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended

Industry View: Pos: Positive; Neu: Neutral; Neg: Negative

FIGURE 1  
2023 Barclays EPS Estimates

Ticker	2023 EPS
LNT	\$2.94
AEE	\$4.28
AEP	\$5.28
AWK	\$5.01
CNP	\$1.38
CMS	\$3.25
ED	\$4.94
DUK	\$5.81
EIX	\$5.12
WTRG	\$1.82
ES	\$4.34
FE	\$2.86
NEE	\$2.84
NI	\$1.55
NWE	\$3.79
OGE	\$2.46
PCG	\$1.25
PNW	\$5.56
PNM	\$2.68
PEG	\$3.58
SRE	\$9.05
SO	\$3.92
WEC	\$4.45
XEL	\$3.40

Source: Barclays Research

## Ratings Changes

### Upgrades

#### *AEE*

We upgrade AEE to Equal Weight, as we believe recent underperformance has accounted for risks to future growth weighing on the stock, including energy rules modification in IL and the ability to execute on the preferred MO IRP scenario. At Q3, management narrowed guidance to \$3.40-\$3.55 (from \$3.40-\$3.60) and said updates to the 5-year capital plan and 2021 EPS guidance are planned for the Q4 call. We see the potential for incremental spending opportunities from the MO IRP (AEE has 950 MW of renewables opportunities before 2024 not included in current plans) as well as from regional transmission projects, though regulatory approval on a project-by-project basis and the ability to increase regulated capital plans while avoiding significant increases in customer bills will be areas of focus. Management notes the IL legislature's weak appetite for comprehensive energy legislation at this time, though Gov. Pritzker's eight-principled energy reform plan could influence regulatory policy in the future. We now view the risk/reward outlook for the stock as balanced given the uncertainty of the regulatory construct in IL offset by incremental

spending opportunities that could accelerate rate base growth. Our updated price target is \$95, which is premised on a 20% premium to the 2023 regulated group average multiple of 18.5x applied to our 2023 EPS estimate of \$4.28

*NI*

After the investor day, we used a 5% premium to the group average to reflect expectations of above-average growth driven by the \$1.8-\$2.0 bn in renewables investments related to RM Schahfer replacement power. By rolling our valuation forward to 2023, we are able to capture some of the earnings related to this spend via new rates from the anticipated 2022 rate case (rates expected effective mid-2023). We believe the level of cost savings necessary to achieve management's growth guidance is achievable. Additionally, although we do not believe concerns regarding the future of natural gas operations should be materially priced into the stock, we feel the need to reflect the overhang that may weigh on the stock until investors can gain more clarity into the future value of natural gas LDCs. Particularly for those companies operating colder climates, the threat posed by electrification of heating is limited by economic and technological constraints. Thus, for these reasons, we eliminate our premium to the group average, yet we still believe there is enough upside to the current valuation to merit an upgrade to Overweight.

Risks include a higher-than-anticipated skew towards PPAs from procurement results (though management remains on track as of EEI), as well as the ability to control costs and achieve savings from the NI Next initiative in 2021 and beyond. COVID-19 impacts on gas usage during winter months are a source of uncertainty, though most residential gas rate structures have decoupling mechanisms (management estimates that changes in gas usage will comprise a majority of the (\$0.05) COVID-19 headwind in 2021). Considering these risks, the current risk/reward backdrop leaves opportunity for upside to the current valuation, in our view. Our updated price target is \$29, which is premised on the 2023 regulated group average multiple of 18.5x applied to our 2023 EPS estimate of \$1.55.

## Downgrades

*NWE*

At EEI, NEW initiated 2021 guidance of \$3.40-\$3.60 (below consensus). The wider than normal range was used based on COVID-19 uncertainties and will be narrowed to a \$0.15 range on the Q4 call. With the reiteration of a 3-6% growth range and rolling the starting point to a lower than expected 2021 guidance, our 2021 and 2022 numbers have come down and our updated valuation on 2023 combined with the recent outperformance, while providing upside no longer supports an Overweight rating.

We continue to view NWE as a well-managed company with limited growth opportunities compared to peers. The updated capital plan does show a \$300M increase as compared to the previous 5-year plan. The updated plan includes \$100m of incremental investment for SD generation from the results of a recent competitive solicitation. The Montana generation opportunity is still outstanding, but could add \$200M to the capital plan over the next five years. Management had provided commentary previously that \$400M/year of capex (new plan is at or above \$400M in all years) would allow for growth at the midpoint of the earnings CAGR. While we see longer term opportunity and ability to grow earnings closer to 5% assuming a win in MT capacity RFPs, near term needs to manage O&M between rate cases will drive growth closer to 4% in the near term. We expect a Montana rate case filing in 2022 for new rates in 2023 and expect multiple cases in SD to coincide with commercial operation of the capacity resources to be owned by NWE selected in the competitive solicitation processes.

The current risk/reward feels balanced given the lower current relative growth, recent relative price performance, mixed recent regulatory results in MT and potential for future capex and earnings growth associated with winning MT capacity RFPs. Our updated price target is \$63, which is premised on a 10% discount to the 2023 regulated group average multiple of 18.5x applied to our 2023 EPS estimate of \$3.79.

#### *PNM*

We downgrade PNM to Underweight to reflect the limited upside in the stock given Avangrid's take-out offer of \$50.30/share. The acquisition is expected to close in 2H21. We characterize prospects for a superior bid as unlikely given few competitors with the balance sheet capacity for such an acquisition, and none with the strategic alignment or likelihood for regulatory approval as AGR. While regulatory approval of any transaction can never be predicted with absolute certainty, we do not see any significant impediments to approval at this time. Given New Mexico is a net benefit state, AGR's commitment to maintain the PNM workforce and likely willingness to compromise on other factors (HQ location, customer credit, charitable giving, etc.) strengthen the likelihood of transaction approval. Our updated price target is \$50, which is premised on the 2023 regulated group average multiple of 18.5x applied to our 2023 EPS estimate of \$2.68.

## Investment Thesis Updates

---

#### *AEP*

The 5-7% growth rate is maintained and the inclusion of North Central Wind pushes growth above the midpoint for 2022 and 2023, with expected equity to support NCW at 65% financing to be issued commensurate with commercial operation of each of the wind farms. AEP has highlighted a 5 year, \$37B capital plan driving 7.4% rate base CAGR which supports the 5-7% EPS CAGR (regulatory lag, holding company debt and equity drive the difference). 2021 guidance was initiated at \$3.51-\$3.71.

#### *AWK*

AWK's resolution of key Pennsylvania and New Jersey rate cases is a strong step forward and should reinforce the market's confidence in AWK's ability to execute. Execution was particularly evident in 2020 as AWK was able to claw back to its original guidance range amidst Covid-19 and the ongoing uncertainty from the two material rate cases in PA and NJ. We see the upcoming 2021 and 2022 fiscal years as de-risked given the rate agreements and expect market focus to turn toward timing of equity in the forecast period, O&M management, and FMVL M&A given the lack of clear challenges ahead. AWK's multiple remains elevated, but near five-year spread averages relative to both the S&P 500 and the broader utility group P/E multiple. Following the rate case conclusions and the clear runway leaves little indication that the multiple will contract in the near term.

#### *CNP*

Management's reiteration of the prior 5-7% utility-level EPS CAGR is incrementally positive given our perception that the guidance range contemplates some type of strategic midstream corporate action. The ability to maintain the prior CAGR is viewed favorably as it seemingly overcomes headwinds from a re-allocation of corporate interest previously allocated to the midstream segment and contemplates a roll off of recovery bond equity earnings. We also note that the decision to sell at least one gas LDC business has received a positive reception as it avoids re-levering the holdco after significant debt maturities to come over the next three years. We are also more sanguine on the name following management's inclusion of IN capex in its formal guidance. The IN RFP process is ongoing, but we see the update building confidence that initial stakeholder feedback was positive enough to indicate that CNP wins more renewable build than originally expected. We

continue to model a 'status quo' forecast, but anticipate additional details to come from the December analyst day.

### *CMS*

Management maintained the 6-8% growth rates for EPS and dividend and provided 2021 EPS guidance of \$2.84-\$2.86. The CMS Gas settlement includes a stay-out provision to avoid a rate case in 2021. CMS has filed for securitization of Karn 1&2 (\$703m) and expects to file a new IRP mid-2021. CMS has had marked success at managing costs and work crews to offset any COVID-related headwinds. We expect CMS to refresh capital and financing plans at Q4.

### *DUK*

The 4-6% growth rate is maintained with a bias towards the high end. DUK will provide 2021 guidance on the Q4 call, but has pointed towards expectations at or above \$5.15 even with a "Dominion" coal ash outcome in North Carolina. The recent Carolina IRP provides a path to increasing rate base growth from the expected 6.5% CAGR through 2024 to 7% CAGR from 2024 through 2029. We expect earnings growth in the top half of the 4-6% range through 2023 off of a 2021 base.

### *ED*

Management narrowed 2020 EPS guidance to \$4.15-\$4.30 (from \$4.15-\$4.35) to reflect COVID-19 impacts. ETRN pushed the expected in-service date for MVP to 2H21 due to pending legal challenges. Management accelerated some clean energy capex from 2021 to 2020 in order to create contingency against deliverables deadlines in planning for a potential second wave (5.5% rate base CAGR through 2022). In 2021 we anticipate more concrete planning regarding onshore and offshore transmission investment opportunities related to offshore wind. Strong execution on cost savings opportunities in 2021 and beyond will be critical to meeting allowed ROEs. We expect an update to financing and capex plans at Q4.

### *EIX*

Focus remains on EIX's ability to settle remaining individual wildfire claims from the 2017 and 2018 seasons and the related equity issuance timing and magnitude. We see the \$1bn figure as a helpful marker and should bely overstated credit rating agency concerns about the amount of debt issuance to occur under EIX's capital structure waiver. We still anticipate the individual victim settlement process to be a longer road than most current expectations, but delayed equity issuance and slower ultimate cash outflows could be a silver lining. We think the current discount may subside to some extent as we progress into the latter stages of wildfire season, but note that large fires in EIX's service territory as late as January.

### *ES*

The 5-7% long-term EPS CAGR is maintained, with an expectation of the middle of the range. The CAGR does not reflect the CGMA acquisition, offshore wind, CT/NH grid modernization, or AMI in MA. Management expects to provide EPS commentary on the incremental opportunity from offshore wind at Q4. Management shifted the anticipated commercial operation dates for the three offshore wind projects back by roughly a year, dependant on BOEM review schedules expected to be released in early 2021. The Ørsted/ES partnership has submitted bids into the NY RFP (awards anticipated by EOY). Awards in the MD, NJ and RI RFPs are anticipated mid-2021. Penalties in CT related to Isaias are anticipated mid-2021. ES may be required to file a CT rate case, but otherwise has no plans for rate reviews in 2021.

### *FE*

FE's recent management changes and discussions around financial contingencies to increases flexibility have encouraged us that the Board is moving quickly and taking the

federal investigation seriously. However, the moves could indicate management culpability, or at the least, indelicate ethical violations that could impact FE's ESG perception for the foreseeable future. We expect the FBI investigation to result in negative headlines for some time, but take recent management commentary around potential settlements or announcements in early 2021 at their merit. We look to the 4Q20 call and any investigation announcements for more clarity into financial impacts going forward and continue to monitor regulatory processes for potential impacts. We incorporate the potential for up to \$2bn in penalties and fines based on historical precedent. However, with limited balance sheet capacity and our belief that public information regarding the investigation remains in the early stages, we see no reason to expect a re-rating near term.

#### *LNT*

LNT's roll forward incorporated some anticipated windfalls from the Iowa Clean Energy Blueprint and reinforced our perception in the achievability of the 5-7% EPS CAGR guidance off the back of strong rate base growth. We believe the capital investment need to hit state targets for renewables and broader sustainability efforts (including electric vehicles) actually affords LNT the ability to grow rate base and earnings at a faster clip, but believe management has concluded that 5-7% is the sweet spot because it allows for palatable customer bill increases under various load scenarios and avoids significant external funding requirements. We continue to value LNT at a 20% premium to the group on LNT's 2023E P/E, reflecting regional peers' valuations that remain above LNT.

#### *NEE*

Management expects to achieve 6-8% EPS growth through 2023 off of new adj 2021 guidance, with an assumption of the top of the range, and anticipates 10% dividend growth through at least 2022. NEE increased 2021 guidance due to strength in the renewables pipeline (~1.5 GW added since Q2). Management expects a \$60bn 2019-2022 capital plan, an increase of \$7.5bn from the previous midpoint.

#### *OGE*

The ability to receive approval for a grid modernization rider in OK is a positive step and provides evidence of an improving regulatory climate following years of environmentally-mandated capital. We also maintain a more positive outlook for OGE's ability to consider strategic alternatives to its ENBL stake given its strong balance sheet and ability to weather the loss of cash flows from a sale or other transaction. However, OGE's below-peer rate base and utilities EPS growth rate command a 10% discount P/E to the group average.

#### *PCG*

We believe near-term noise around PCG's safety certificate is unlikely to amount to a loss of coverage under the AB 1054 wildfire fund provision, though the proceeding merits close attention as long as there is no ruling beyond the statutory deadline. We also expect heavy investor focus on the securitization process and management appointments. Related to the securitization process, equity issuance timing and magnitude will likely gain increased clarity as we progress toward a May 2021 CPUC decision, per the procedural schedule (earlier with settlement). We see PCG as increasingly attractive as wildfire season nears an end in early 2021. We move PCG's discount to the group average 2023E P/E multiple to 35% to reflect the near-term headwinds and an active wildfire season. We believe the discount embedded in our valuation framework is an easy hurdle given regional peers and would expect PCG to re-rate higher in a risk on environment and see a further tailwind if we move through wildfire season with no additional large-liability fires.

#### *PEG*

The near-term focus will continue to be on potential participation in Ørsted's Ocean Wind, offshore wind project, a potential settlement with the NJ BPU on transmission ROE, updates



on the announced intention to divest non-nuclear generation, the NJ BPU report on resource adequacy expected in Q1 2021 (will address fixed resource requirement), and a BPU ruling on non-energy efficiency aspects of the clean energy plan. The utility rate base and earnings growth are above average and the utility capital plan does not require equity, nor cashflow from the genco.

#### *PNW*

A focus going into 2021, alongside the APS rate case and AZ energy rulemaking, will be the new commissioners joining the AZCC. Commissioner Marquez Peterson (R), Jim O'Connor (R), and Anna Tovar (D), will join Commissioners Kennedy (D) and Olson (R). Though O'Connor was not initially planning on running, Commissioner Olson convinced him to run. We anticipate the two will have similar policy goals, and we look for any early alignment of rhetoric or voting between Commissioners Olson and O'Connor. A new commission chair will be voted on at the first open meeting of 2021, and, if precedent stands, Cmr. Olson would be chair as the most senior majority party member. If Cmr. Olson and O'Connor have similar philosophies, Commissioner Marquez Peterson may be the deciding vote on contentious issues such as AZ energy rules and retail competition. For more information on the newly elected commissioners, see our note "[Last Bunch of EEI Meetings](#)," 11/12/20. Management does not plan to initiate FY21 guidance until the current rate case concludes.

#### *SO*

Vogtle continues to be the focus. We continue to expect and have modelled regulatory in-service dates for Unit 3 and Unit 4 of 11/21 and 11/22 respectively. Georgia Power will file an integrated resource plan (IRP) in January of 2022, the findings of which will likely be included in a mid-year 2022 rate case filing for new rates (to include Vogtle and the associated fuel savings) in 2023. We believe that the additional free cash flow from Vogtle will drive annual capex increases of \$1B, which should increase the EPS CAGR from 4-6% to 5-7%. The dividend payout is expected to drop below 70% in 2023 when Vogtle is on line, providing the opportunity for dividend growth to accelerate from \$0.08/share annually to a rate more in line with earnings growth.

#### *SRE*

We expect the recent FID decision at ECA to have a limited impact to SRE near term, given the low equity contribution from the SRE balance sheet, but continue to closely monitor the LNG segment as management mulls strategic options for financing future LNG export opportunities and maximize shareholder value as utility companies across the sector opt for pure-play, renewable-driven stories. We think the 'conglomerate discount' currently being ascribed to SRE is too severe and expect a re-rating to occur over the next twelve months as investors gain confidence around the energy outlook for Mexico and Ilenova's role in the infrastructure buildout and management continues to seek ways to highlight value for the LNG business and reiterate our Overweight rating.

#### *WEC*

Management increased the 5-year capital plan 7.3% to \$16.1 bn over 2021-2025 and firmly maintains expectations for 7% rate base growth and 5-7% EPS growth in the long term. Management sees significant bill offsets from O&M and fuel cost savings as legacy generation comes offline in 2023 and 2024 that would keep bill increases at or below the inflation rate. Management estimates legacy generation assets will amount to ~2% of company-estimated total 2025 rate base of \$32 billion. Storage has become economic over peaking capacity, and for the first time WEC is adding 600 MW of battery storage to resource plans.



**WTRG**

WTRG continues to lag the valuation expansion experienced by AWK and other pure-play water peers. One of the drivers, in our view, is a perception of risk around the DELCORA acquisition and we keep a specific focus on the legal proceeding following local election results that flipped party affiliation of the City Council. We also believe WTRG will trade with some correlation to national gas LDC utilities, though we ascribe a 10% premium to the regulated utility group multiple to reflect our perception of People's gas as a higher-quality business mix than most. Finally, we continue to monitor WTRG's catch-up component of the repairs tax election, but remain confident that WTRG will receive an outcome that allows it to maintain its current growth and authorized ROE levels while extending the rate case need out through 2025.

**XEL**

The 5-7% long-term growth target is maintained. Management initiated 2021 EPS guidance of \$2.90-\$3.00, consistent with 5-7% long-term growth objective. Electric sales and O&M are both expected to increase 1% while gas sales are expected to remain flat in FY21 relative to FY20. The \$22.6bn 2021-2025 capital plan has \$1.4bn in upside from incremental renewables investments (mostly from MN Relief and Recovery spending on wind repowering and solar, which would be funded at 50% equity). Average annual capex from 2021-2024 was increased by ~\$140 annually over the previous plan. The implied rate base CAGR from 2021-2025 is 6.3% (6.9% including the incremental renewables spending). XEL has requested a MPUC decision on wind repowering by EOY and expects a decision on solar investments in Q2 or Q3 of 2021. PSCo's AGIS rider filing was dismissed on procedural grounds. PSCo can still defer ~80% of AGIS-related costs for future recovery and does not believe there is any read-through to the wildfire rider filing. The MN PUC must decide whether to implement interim rates or approve the stay-out request by EOY (regardless, capital plans will not be impacted).

## Relative Group Valuation and PE Disparity

---

**P/E Disparity Starting to Show Signs of Life for Value**

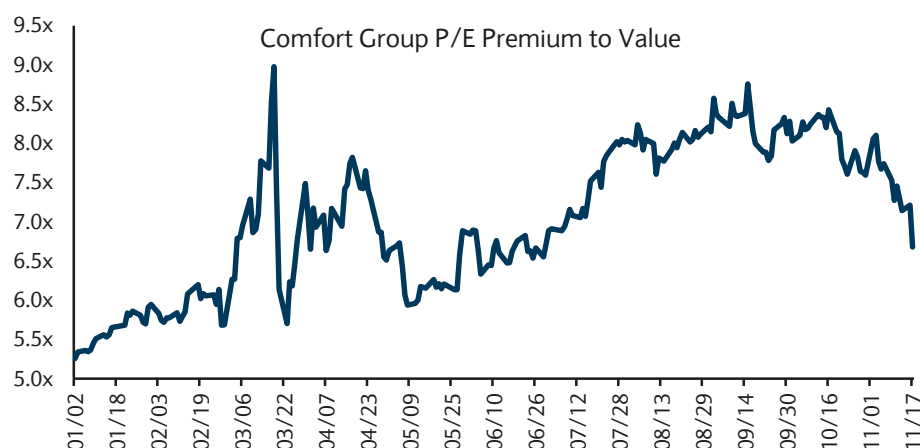
Between the lack of a "blue wave" and positive news on the COVID-19 vaccine front value or 'risk on' names have begun to show evidence of revaluing higher toward 'comfort' names premiums that had increased throughout the year. This contraction has been long-awaited by the market given the historically high spreads and a belief that the spread was unsustainable. We highlight that there is still room to go for the value trade, but are encouraged by signs that fundamentals are beginning to matter as flows move in the direction of more realistic valuation of idiosyncratic risks.

The constituent stocks for our discounted 'value' and high-premium 'comfort' groups displayed in the graphic is broken out below.

Comfort: AEE, CMS, NEE, LNT, ES, WEC, XEL,

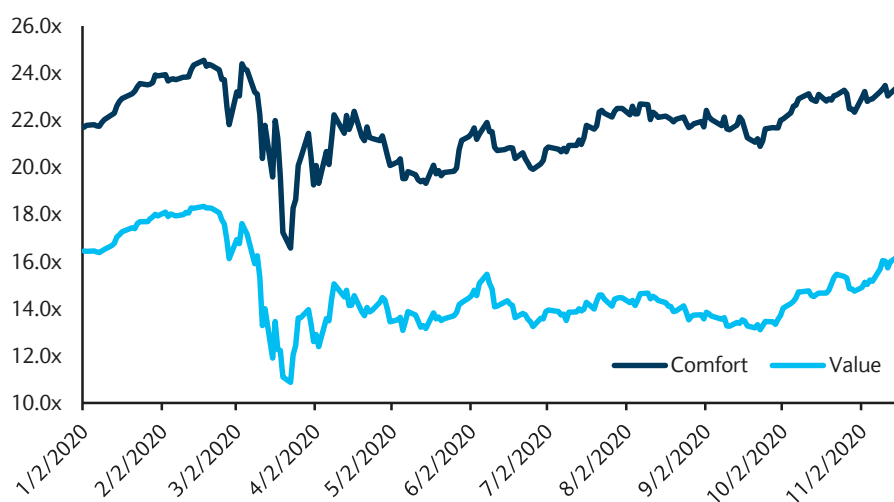
Value: CNP, DUK, EIX, NWE, PCG, PNM, PNW, SO, SRE

FIGURE 2

**Spread between Value and Comfort Groups (2yr Blended Fwd P/E)**

Source: Bloomberg, Barclays Research

FIGURE 3

**Comfort and Value Group P/E (2yr Blended Fwd P/E)**

Source: Bloomberg, Barclays Research

## Valuation Methodology

We have updated our valuation methodology to use relative premiums and discounts to the 2023 regulated group average PE multiple applied to our 2023 EPS estimates combined with any sum of the parts valuation aspects updated to 2023 expectations.

Our previous valuation methodology used relative premiums and discounts to the 2022 regulated group average PE multiple applied to our 2022 EPS estimates combined with any sum of the parts valuation aspects based on 2022 expectations.

### AEE

Our current \$95 price target is premised upon a 20% premium applied to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$4.28.

Our previous \$79 price target was premised upon a 20% premium applied to the 2022 utility group average PE multiple of 17x applied to the prior Barclays 2022E EPS of \$3.90.

### **AEP**

Our current \$107 price target is premised upon a 10% premium applied to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$5.28.

Our previous \$93 price target was premised upon a 10% premium applied to the 2022 utility group average PE multiple of 17x applied to the Barclays prior 2022E EPS of \$4.97.

### **AWK**

To derive our \$173 price target, we utilize a group average water P/E multiple for 2023 earnings and apply a 15% premium to AWK's consolidated 2023 EPS estimate of \$5.01. The premium reflects strong management, constructive regulatory exposure, and top-tier growth visibility following key rate case outcomes.

Our previous \$138 price target was premised on a 15% premium to the previous 2022 group average water multiple of 27x for AWK applied to our previous 2022 EPS estimate of \$4.46

### **CMS**

Our current \$75 price target is premised upon a 25% premium applied to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$3.25.

Our previous \$65 price target was premised upon a 25% premium applied to the 2022 utility group average PE multiple of 17x applied to the Barclays 2022E EPS of \$3.09 estimate.

### **CNP**

Our current \$27 price target is premised upon a 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E utility EPS estimate of \$1.38 after allocating parent debt and operating expenses. We use the current ENBL price of \$5 adjusted for CNP's ownership, adjusted for allocated debt – leaving \$2 of ENBL value to CNP on a consolidated basis.

Our previous price target of \$21 used a group average utility multiple of 17x applied to 2022E prior utility EPS of \$1.46 and the prior ENBL share price of \$4.

### **DUK**

Our current \$102 price target is premised upon a 5% discount applied to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$5.81.

Our previous \$87 price target was premised upon a 5% discount applied to the 2022 utility group average PE multiple of 17x applied to the Barclays prior 2022E EPS of \$5.39.

### **ES**

Our current \$100 price target is premised upon a 25% premium to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$4.34.

Our previous \$88 price target was premised upon a 25% premium to the 2022 utility group average PE multiple of 17x applied to the Barclays prior 2022E EPS of \$4.15.

### **EIX**

Our \$69 price target is based on a 20% discount to the 2023 group average multiple of 18.5x applied to an adjusted, post wildfire liability and additional funding, Barclays 2023 EPS estimate of \$5.12. The 20% discount is based upon perceived wildfire risk absent a test of AB 1054 cost recovery standards and remaining uncertainty on 2017 and 2018 wildfire liabilities.

Our previous \$57 price target was premised upon a 25% discount applied to the 2022 utility group average PE multiple of 17x applied to the Barclays prior 2022E EPS of \$4.65.

#### **ED**

Our current \$83 price target is premised upon a 10% discount to the 2023 group average P/E multiple of 18.5x applied to our 2023 EPS estimate of \$4.94.

Our prior price target of \$74 was premised upon a 10% discount to the 2022 group average P/E multiple of 17x applied to our prior 2022 EPS estimate of \$4.73.

#### **FE**

Our \$33 price target for FE is based on a 30% discount to the group average 2023 multiple of 18.5x applied to our pro forma FY23 EPS estimate, adjusted for an assumed \$2bn equity issuance to reflect balance sheet repair following fines or penalties. The 30% discount is based on our expectation that the ongoing Ohio corruption investigation serves as an overhang to the stock valuation regardless of the financial impact.

Our previous \$32 price target was premised upon a 30% discount applied to the 2022 utility group average PE multiple of 17x applied to our unchanged 2022E EPS estimate of \$2.73.

#### **LNT**

Our LNT price target is \$65. We utilize a relative target P/E multiple to value LNT shares. We apply a 20% premium to the 18.5x group average 2023 P/E multiple using EPS of \$2.94 to reflect LNT's strong track record for execution, visible earnings growth, attractive rate base growth opportunities driven by renewable generation that limit customer bill inflation, and constructive regulatory oversight.

Our previous \$56 price target was premised upon a 20% premium to the 2022 group average multiple applied to our prior 2022 EPS estimate of \$2.73.

#### **NEE**

Our new price target of \$87 is premised upon a SOTP with a 20% premium to the 2023 group average PE multiple of 18.5x applied to our 2023 EPS estimate of \$1.74, a 17.5x 23E EV/EBITDA for the NEER business – comparable to valuations of renewables developers such as Ørsted. We then add \$3 for NEP as we take the Barclays \$67 NEP price target and flow it through to represent NEE's ownership.

Our previous price target of \$301 was premised upon a SOTP with a 20% premium to the 2022 group average PE multiple of 17x applied to our 2022 EPS estimate of \$6.43, a 16x 22E EV/EBITDA for the NEER business – comparable to valuations of renewables developers such as Ørsted. We then add \$13 for NEP as we take the Barclays \$61 NEP price target and flow it through to represent NEE's ownership.

#### **NI**

Our current \$29 price target is premised upon the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS estimate of \$1.55.

Our prior \$25 price target was premised upon a 5% premium to the 2022 regulated utility group average P/E applied to our prior 2022 EPS estimate of \$1.42.

#### **NWE**

Our current \$63 price target is premised upon a 10% discount applied to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS of \$3.79.

Our previous \$59 price target was premised upon a 10% discount applied to the 2022 utility group average PE multiple of 17x applied to the Barclays prior 2022E EPS of \$3.83.

## OGE

We derive our \$36 price target by applying a 10% discount to the group average multiple of 18.5x applied to our 2023 utility earnings estimate combined with the current ENBL price \$5 applied to the 111 units that OGE owns. Our 10% discount reflects below average earnings CAGR compared to the group.

Our previous \$33 price target utilized a group average P/E multiple of 17x reflecting our view that earnings growth could expand following the approval of certain regulatory riders and grid modernization opportunities.

## PEG

Our current \$65 price target is premised upon a 5% premium to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023 utility net parent EPS estimate, resulting in a \$62 valuation for the utility. We then use a 5x EV/EBITDA multiple on 2023 generation EBITDA applied to the Barclays 2023 generation EBITDA estimate resulting in \$3.25 valuation for PEG Power. Combining the utility \$62 valuation and the \$3.25 PEG Power valuation yields our \$65 price target.

Our previous \$59 price target was premised upon a 10% premium to the 2022 utility group average PE multiple of 17x applied to the Barclays 2022 utility net parent EPS estimate, resulting in a \$55 valuation for the utility. We then used a 5x EV/EBITDA multiple on 2022 generation EBITDA applied to the Barclays 2022 generation EBITDA estimate resulting in \$3.70 valuation for PEG Power. Combining the utility \$55 valuation and the \$3.70 PEG Power valuation yielded our \$59 price target.

## PCG

We move PCG's discount to the group average 23E P/E multiple to 35% to reflect the near-term headwinds and an active wildfire season. We believe the discount embedded in our valuation framework is an easy hurdle given regional peers and would expect PCG to re-rate higher in a risk on environment and see a further tailwind if we move through wildfire season with no additional large-liability fires. The P/E multiple is applied to our 2023 EPS estimate of \$1.25, which gives a price target of \$14.

Our previous \$13 price target was premised on a 25% discount to the 2022 utility group average PE of 17x applied to the prior Barclays 2022E EPS of \$1.08.

## PNM

Our current \$50 price target is premised upon the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS estimate of \$2.68. Our price target remains consistent with the terms of the AGR acquisition offer.

Our previous \$50 price target was premised upon the terms of the AGR acquisition offer.

## PNW

Our current \$103 price target is premised upon the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS estimate of \$5.56.

Our previous \$89 price target was premised upon the 2022 utility group average PE multiple of 17x applied to the Barclays 2022E EPS estimate of \$5.22.

## SO

Our \$73 price target is premised on the 2023 group average PE multiple of 18.5x applied to our 2023 earnings estimate of \$3.92. The group average multiple is based on a discount for the risk of Vogtle construction offsetting the premium valuation SO deserves based on fundamentals post commercial operation of Vogtle.

Our previous \$61 price target was premised on a 5% discount to the 2022 group average PE multiple of 17x applied to our prior 2022 earnings estimate of \$3.60 and then add the NPV of the Vogtle earnings uplift of \$0.20 and apply 5% discount to the group average 2022.

### **SRE**

We utilize a sum of the parts valuation framework for our \$159 price target for SRE. We apply a relative P/E multiple premium / discount to the North American utility businesses a base group average (10% premium for Texas, 15% for SoCalGas, group average for SDG&E). We utilize the Barclays' Ilenova price target and adjust for SRE ownership and spot USDMXN for Peso translation. We utilize a probability-weighted DCF approach for the LNG business depending on where each facility is on securing contracting for export capacity.

Our previous \$146 price target was derived using the same methodology, but prior 2022 EPS of \$8.49 and 2022E P/E multiple of 17x for the group.

### **WTRG**

Our \$50 price target is arrived at using our methodology where we value WTRG's water business using a 5% premium to the 2023 water group average P/E multiple. The 5% premium reflects strong regulatory exposure and public M&A opportunities, balanced by growth visibility lower than peers. We value the regulated gas business at a 15% premium to reflect a strong growth profile and familiar regulatory exposure.

Our previous \$45 price target was premised on a 5% premium to the 2020 group average water multiple of 27x applied to the \$1.24 2022 earnings contribution from the water business combined with a 15% premium to the 2022 regulated utility group average multiple of 17x applied to the \$0.72 2022 earnings contribution from the LDC business, less the 2022 parent drag eps of \$0.15 at a blended multiple of 25.8x

### **WEC**

Our current \$107 price target is premised upon a 30% premium to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS estimate of \$4.45.

Our previous \$94 price target was premised upon a 30% premium to the 2022 utility group average PE multiple of 17x applied to the prior Barclays 2022E EPS estimate of \$4.24.

### **XEL**

Our current \$82 price target is premised upon a 30% premium to the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS estimate of \$3.40.

Our previous \$70 price target was premised upon a 30% premium to the 2022 utility group average PE multiple of 17x applied to the Barclays 2022E EPS estimate of \$3.15.

North America Power & Utilities					Industry View: POSITIVE
Ameren Corp. (AEE)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	5,910	5,987	6,242	6,379	2.6%
EBITDA (adj)	2,262	2,389	2,615	2,784	7.2%
EBIT (adj)	1,267	1,364	1,561	1,701	10.3%
Pre-tax income (adj)	1,016	1,087	1,233	1,348	9.9%
Net income (adj)	828	844	953	1,042	8.0%
EPS (adj) (\$)	3.35	3.38	3.73	4.00	6.1%
Diluted shares (mn)	247.1	249.4	255.7	260.4	1.8%
DPS (\$)	1.92	1.98	2.04	2.10	3.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	38.3	39.9	41.9	43.6	40.9
EBIT (adj) margin (%)	21.4	22.8	25.0	26.7	24.0
Pre-tax (adj) margin (%)	17.2	18.2	19.8	21.1	19.1
Net (adj) margin (%)	14.0	14.1	15.3	16.3	14.9
ROIC (%)	7.1	6.3	6.6	6.7	6.7
ROA (%)	3.0	2.9	2.9	3.0	3.0
ROE (%)	10.9	10.5	10.6	10.0	10.5

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	24,376	26,181	28,116	30,021	7.2%
Cash and equivalents	16	1,954	1,919	1,794	382.2%
Total assets	28,933	32,676	34,576	36,356	7.9%
Short and long-term debt	9,797	12,576	13,120	14,102	12.9%
Other long-term liabilities	9,312	9,312	9,312	9,312	0.0%
Total liabilities	20,732	23,511	24,055	25,037	6.5%
Shareholders' equity	8,059	9,023	10,379	11,177	11.5%
Net debt/(funds)	9,781	10,622	11,201	12,308	8.0%
Change in working capital	80	1,690	-613	-57	N/A
Cash flow from operations	2,170	2,381	2,989	2,486	4.6%
Capital expenditure	-2,411	-2,830	-2,988	-2,988	N/A
Free cash flow	-713	-942	-520	-1,048	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	24.1	23.8	21.6	20.1	22.4
EV/EBITDA (adj) (x)	13.0	12.7	11.8	11.5	12.2
EV/EBIT (adj) (x)	23.2	22.2	19.8	18.8	21.0
FCF yield (%)	-2.4	-3.1	-1.7	-3.3	-2.6
P/BV (x)	2.5	2.2	2.0	1.9	2.1
Dividend yield (%)	2.4	2.5	2.5	2.6	2.5
Net debt/EBITDA (adj) (x)	4.3	4.4	4.3	4.4	4.4

Selected operating metrics	Average				
Payout ratio (%)	57.3	58.4	54.6	52.4	55.7
Interest cover (x)	3.3	3.3	3.4	3.5	3.4
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020)	USD 80.60
Price Target	USD 95.00

**Why Equal Weight?** AEE is a quality name with 5-7% growth that is visible for an extended period of time and we see the name deserving of a 20% premium to the group. Given the current price and premium we see increased uncertainty surrounding the regulatory construct in IL as balanced by incremental potential growth opportunities, resulting in our EW rating.

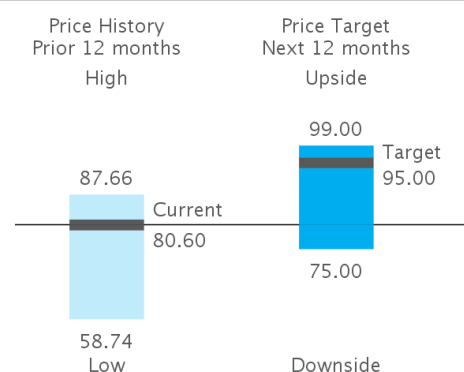
Upside case	USD 99.00
-------------	-----------

Our upside case reflects a 25% premium to the 2023 group average P/E multiple applied to our 2023 EPS estimate.

Downside case	USD 75.00
---------------	-----------

Our downside case reflects a 5% discount to the 2023 group average P/E multiple applied to our 2023 EPS estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec



North America Power & Utilities					Industry View: POSITIVE
American Electric Power Company, Inc. (AEP)					Stock Rating: OVERWEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	15,602	16,968	17,425	17,984	4.8%
EBITDA (adj)	8,504	5,675	5,998	6,516	-8.5%
EBIT (adj)	5,990	3,074	3,247	3,592	-15.7%
Pre-tax income (adj)	2,009	2,336	2,496	2,799	11.7%
Net income (adj)	2,095	2,159	2,308	2,584	7.2%
EPS (adj) (\$)	4.23	4.35	4.62	5.00	5.7%
Diluted shares (mn)	494.9	496.0	499.0	516.4	1.4%
DPS (\$)	2.68	2.84	3.01	3.19	6.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	54.5	33.4	34.4	36.2	39.7
EBIT (adj) margin (%)	38.4	18.1	18.6	20.0	23.8
Pre-tax (adj) margin (%)	12.9	13.8	14.3	15.6	14.1
Net (adj) margin (%)	13.4	12.7	13.2	14.4	13.4
ROIC (%)	12.9	6.1	6.0	6.1	7.8
ROA (%)	3.0	3.0	3.0	3.2	3.1
ROE (%)	11.0	10.4	11.0	12.0	11.1

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	79,585	85,385	91,915	99,962	7.9%
Cash and equivalents	311	931	956	855	40.1%
Total assets	72,748	76,567	80,371	85,393	5.5%
Short and long-term debt	25,648	29,166	32,478	37,120	13.1%
Other long-term liabilities	19,338	19,338	19,338	19,338	0.0%
Total liabilities	52,076	55,594	58,906	63,548	6.9%
Shareholders' equity	20,672	20,973	21,464	21,845	1.9%
Net debt/(funds)	25,337	28,236	31,523	36,265	12.7%
Change in working capital	776	14	905	503	-13.4%
Cash flow from operations	5,485	4,889	5,058	5,508	0.1%
Capital expenditure	-6,500	-5,800	-6,530	-8,047	N/A
Free cash flow	-2,341	-2,320	-2,975	-4,187	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	20.5	19.9	18.8	17.3	19.1
EV/EBITDA (adj) (x)	8.0	12.5	12.4	12.1	11.3
EV/EBIT (adj) (x)	11.4	23.1	22.9	22.0	19.8
FCF yield (%)	-3.4	-3.3	-4.0	-5.3	-4.0
P/BV (x)	2.1	2.1	2.0	2.1	2.0
Dividend yield (%)	3.1	3.3	3.5	3.7	3.4
Net debt/EBITDA (adj) (x)	3.0	5.0	5.3	5.6	4.7

Selected operating metrics	Average				
Payout ratio (%)	63.3	65.3	65.1	63.8	64.4
Interest cover (x)	5.6	2.6	2.7	2.9	3.5
Regulated (%)	92.9	91.2	92.3	92.2	92.2

Price (17-Nov-2020) USD 86.73  
Price Target USD 107.00

**Why Overweight?** We assign an Overweight rating as we believe AEP should trade at a 10% premium to the average regulated utility multiple. This is supported by top-tier EPS growth target of 5-7% with a bias towards the high end.

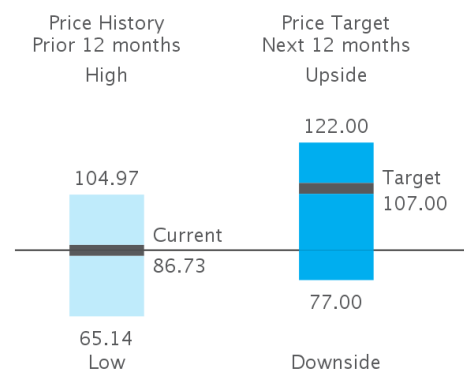
Upside case USD 122.00

Our upside case reflects a 20% premium to the utility group average P/E multiple, applied to higher earnings driven by additional rate base growth and a favorable rate case outcomes.

Downside case USD 77.00

Our downside case reflects a 20% discount to the utility group average P/E multiple, applied to lower earnings driven by slower rate base growth and unfavorable rate outcomes

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
American Water Works Company, Inc. (AWK)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	3,610	3,828	4,054	4,315	6.1%
EBITDA (adj)	2,032	2,231	2,382	2,541	7.7%
EBIT (adj)	1,450	1,606	1,717	1,831	8.1%
Pre-tax income (adj)	833	944	1,034	1,139	11.0%
Net income (adj)	621	705	772	850	11.0%
EPS (adj) (\$)	3.77	3.89	4.25	4.63	7.1%
Diluted shares (mn)	181	181	182	184	0.5%
DPS (\$)	1.96	2.15	2.34	2.55	9.2%

Margin and return data	Average				
EBITDA (adj) margin (%)	56.3	58.3	58.8	58.9	58.1
EBIT (adj) margin (%)	40.2	42.0	42.4	42.4	41.7
Pre-tax (adj) margin (%)	23.1	24.7	25.5	26.4	24.9
Net (adj) margin (%)	17.2	18.4	19.0	19.7	18.6
ROIC (%)	9.3	10.0	10.2	10.3	9.9
ROA (%)	2.9	3.1	3.3	3.5	3.2
ROE (%)	10.6	11.5	11.9	12.3	11.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	23,941	25,741	27,496	29,426	7.1%
Cash and equivalents	60	41	47	68	4.1%
Total assets	22,682	23,272	24,369	25,609	4.1%
Short and long-term debt	9,453	9,552	9,971	10,091	2.2%
Other long-term liabilities	0	0	0	0	N/A
Total liabilities	7,917	8,341	8,326	8,605	2.8%
Shareholders' equity	6,121	6,502	6,918	7,749	8.2%
Net debt/(funds)	9,393	9,511	9,923	10,023	2.2%
Change in working capital	504	-585	7	21	-65.6%
Cash flow from operations	1,383	1,441	1,699	1,849	10.2%
Capital expenditure	-1,654	-1,650	-1,555	-1,755	N/A
Free cash flow	-859	-749	-482	-550	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	42.3	40.9	37.5	34.4	38.8
EV/EBITDA (adj) (x)	18.9	17.2	16.3	15.3	16.9
EV/EBIT (adj) (x)	26.4	23.9	22.6	21.3	23.6
FCF yield (%)	-2.2	-1.9	-1.2	-1.4	-1.7
P/BV (x)	4.7	4.4	4.2	3.8	4.3
Dividend yield (%)	1.2	1.3	1.5	1.6	1.4
Net debt/EBITDA (adj) (x)	4.6	4.3	4.2	3.9	4.2

Selected operating metrics	Average				
Payout ratio (%)	57.1	55.3	55.2	55.1	55.7
Interest cover (x)	3.8	4.2	4.5	4.9	4.4
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020)	USD 159.29
Price Target	USD 173.00

**Why Equal Weight?** AWK presents a strong growth profile with top-tier management and a solid execution track record, however valuation is stretched relative to electric and gas utilities and our valuation framework implies a 15% premium to the water group average P/E multiple, all of which is fully reflected in the current stock price

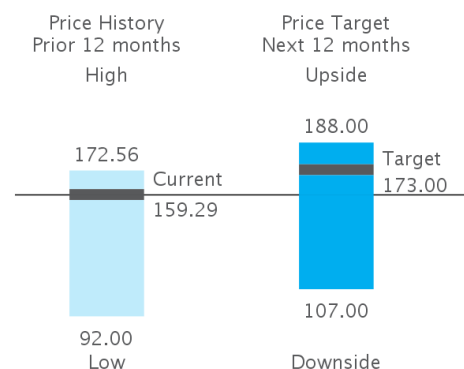
Upside case	USD 188.00
-------------	------------

Our upside case assumes AWK trades at a 25% premium to the group average water utility P/E multiple. We believe this scenario could materialize if ESG flows increase or general utility equity demand rises and disproportionately benefits AWK.

Downside case	USD 107.00
---------------	------------

Our downside case values AWK on the same 15% premium, but applies the group utility multiple in lieu of the water group multiple. This could materialize if investors perceive long-term growth opportunities and ESG profiles to be similar to electric and gas.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>CenterPoint Energy, Inc. (CNP)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	11,111	7,551	7,808	7,983	-10.4%
EBITDA (adj)	2,348	2,531	2,725	2,840	6.5%
EBIT (adj)	1,111	1,336	1,472	1,579	12.4%
Pre-tax income (adj)	813	995	1,099	1,204	14.0%
Net income (adj)	587	714	813	957	17.7%
EPS (adj) (\$)	1.17	1.27	1.36	1.53	9.3%
Diluted shares (mn)	501.0	560.1	598.4	626.4	7.7%
DPS (\$)	1.15	0.74	0.60	0.64	-18.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	21.1	33.5	34.9	35.6	31.3
EBIT (adj) margin (%)	10.0	17.7	18.8	19.8	16.6
Pre-tax (adj) margin (%)	7.3	13.2	14.1	15.1	12.4
Net (adj) margin (%)	5.3	9.5	10.4	12.0	9.3
ROIC (%)	4.9	6.8	6.5	7.2	6.4
ROA (%)	1.7	2.0	2.2	2.5	2.1
ROE (%)	7.1	7.2	7.7	8.6	7.7

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	20,650	21,797	23,113	24,472	5.8%
Cash and equivalents	1,124	0	6	11	-78.4%
Total assets	35,263	35,262	36,647	38,071	2.6%
Short and long-term debt	14,244	9,665	12,072	10,695	-9.1%
Other long-term liabilities	8,809	8,809	9,778	10,746	6.9%
Total liabilities	27,012	25,311	26,142	27,724	0.9%
Shareholders' equity	8,251	9,951	10,505	11,113	10.4%
Net debt/(funds)	13,120	9,665	12,066	10,684	-6.6%
Change in working capital	-3,263	-4,023	2,572	-2,005	N/A
Cash flow from operations	1,638	2,051	2,104	2,207	10.4%
Capital expenditure	2,506	2,342	2,569	2,620	1.5%
Free cash flow	3,567	3,978	4,314	4,429	7.5%

Valuation and leverage metrics	Average				
P/E (adj) (x)	21.5	19.7	18.5	16.5	19.1
EV/EBITDA (adj) (x)	11.0	8.8	9.1	8.2	9.3
EV/EBIT (adj) (x)	23.2	16.7	16.8	14.8	17.8
FCF yield (%)	13.9	17.9	17.5	19.0	17.1
P/BV (x)	1.5	1.4	1.4	1.4	1.4
Dividend yield (%)	4.6	2.9	2.4	2.5	3.1
Net debt/EBITDA (adj) (x)	5.6	3.8	4.4	3.8	4.4

Selected operating metrics	Average				
Payout ratio (%)	98.3	58.0	44.2	41.6	60.5
Interest cover (x)	2.0	2.7	2.6	2.8	2.5
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020)	USD 25.17
Price Target	USD 27.00

**Why Equal Weight?** We see upside potential from activist involvement and valuation expansion balanced by uncertainty on asset sales, strategic actions with Enable. We await results of the business review and see reduced risk now that the CEO and CFO positions have been filled with strong candidates.

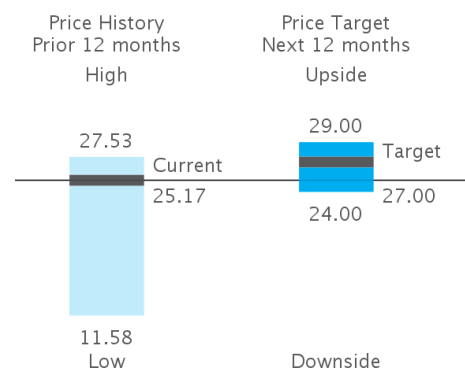
Upside case	USD 29.00
-------------	-----------

Our upside case for CNP values the company's Utility business on a 5% premium to the group average multiple for 2022 and utilizes the Barclays MLP upside case for ENBL.

Downside case	USD 24.00
---------------	-----------

Our downside case for CNP values the Utility business on a 20% discount to the group average multiple for 2022. We use the Barclays MLP team's downside case for ENBL.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
CMS Energy Corporation (CMS)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	6,845	6,949	7,096	7,299	2.2%
EBITDA (adj)	2,231	2,370	2,488	2,663	6.1%
EBIT (adj)	1,239	1,329	1,388	1,510	6.8%
Pre-tax income (adj)	829	935	1,006	1,108	10.2%
Net income (adj)	708	768	825	906	8.6%
EPS (adj) (\$)	2.49	2.67	2.84	3.10	7.6%
Diluted shares (mn)	284.3	287.4	290.1	292.4	0.9%
DPS (\$)	1.53	1.64	1.75	1.87	7.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	32.6	34.1	35.1	36.5	34.6
EBIT (adj) margin (%)	18.1	19.1	19.6	20.7	19.4
Pre-tax (adj) margin (%)	12.1	13.5	14.2	15.2	13.7
Net (adj) margin (%)	10.3	11.0	11.6	12.4	11.4
ROIC (%)	7.3	6.9	7.2	7.2	7.2
ROA (%)	2.5	2.7	2.8	2.9	2.7
ROE (%)	13.5	13.7	13.6	13.8	13.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	18,926	20,085	21,685	22,832	6.5%
Cash and equivalents	157	942	97	207	9.6%
Total assets	26,837	28,781	29,536	30,793	4.7%
Short and long-term debt	11,951	13,576	13,186	14,283	6.1%
Other long-term liabilities	383	383	383	383	0.0%
Total liabilities	21,782	23,177	23,462	24,209	3.6%
Shareholders' equity	5,055	5,604	6,073	6,583	9.2%
Net debt/(funds)	11,794	12,634	13,089	14,077	6.1%
Change in working capital	-217	1,015	-1,520	460	N/A
Cash flow from operations	1,790	1,811	1,928	2,061	4.8%
Capital expenditure	-2,104	-2,200	-2,700	-2,300	N/A
Free cash flow	-750	-860	-1,280	-787	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	25.6	23.9	22.4	20.6	23.1
EV/EBITDA (adj) (x)	13.4	13.0	12.5	12.1	12.7
EV/EBIT (adj) (x)	24.1	23.1	22.5	21.3	22.7
FCF yield (%)	-2.5	-2.8	-4.1	-2.4	-3.0
P/BV (x)	3.6	3.3	3.0	2.8	3.2
Dividend yield (%)	2.4	2.6	2.7	2.9	2.7
Net debt/EBITDA (adj) (x)	5.3	5.3	5.3	5.3	5.3

Selected operating metrics	Average				
Payout ratio (%)	61.4	61.3	61.6	60.5	61.2
Interest cover (x)	2.8	3.1	3.3	3.5	3.2
Regulated (%)	93.1	93.3	93.4	93.6	93.3

Price (17-Nov-2020)	USD 63.83
Price Target	USD 75.00

**Why Equal Weight?** We see the current valuation as fair given a constructive regulatory jurisdiction, 10-year capex backlog, above-average earnings/dividend growth, and a long history of achieving or exceeding results through capital and O&M management.

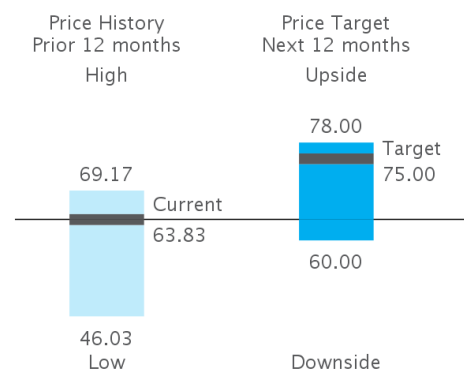
Upside case	USD 78.00
-------------	-----------

Our upside case values CMS at a 30% premium to the regulated utility average multiple applied to our 2023 EPS estimate.

Downside case	USD 60.00
---------------	-----------

Our downside case values CMS at the regulated utility average multiple applied to our 2023 EPS estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
Consolidated Edison, Inc. (ED)					Stock Rating: UNDERWEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	12,574	12,778	13,164	13,642	2.8%
EBITDA (adj)	4,360	4,776	5,041	5,316	6.8%
EBIT (adj)	6,044	6,702	7,094	7,522	7.6%
Pre-tax income (adj)	1,736	1,943	2,080	2,231	8.7%
Net income (adj)	1,438	1,438	1,546	1,666	5.0%
EPS (adj) (\$)	4.36	4.25	4.47	4.72	2.7%
Diluted shares (mn)	329.5	338.7	346.0	352.8	2.3%
DPS (\$)	2.96	3.06	3.17	3.28	3.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	34.7	37.4	38.3	39.0	37.3
EBIT (adj) margin (%)	21.3	22.3	22.7	22.8	22.3
Pre-tax (adj) margin (%)	13.8	15.2	15.8	16.4	15.3
Net (adj) margin (%)	11.5	12.0	12.5	12.9	12.2
ROIC (%)	7.3	7.1	6.8	6.8	7.0
ROA (%)	2.7	2.6	2.7	2.8	2.7
ROE (%)	8.6	8.5	8.6	8.6	8.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	43,889	46,355	48,337	50,171	4.6%
Cash and equivalents	1,217	2,050	1,128	1,388	4.5%
Total assets	58,079	61,378	62,438	64,532	3.6%
Short and long-term debt	18,527	20,690	23,230	24,246	9.4%
Other long-term liabilities	4,993	4,993	4,993	4,993	0.0%
Total liabilities	15,052	15,052	15,052	15,052	0.0%
Shareholders' equity	18,022	19,219	20,416	21,670	6.3%
Net debt/(funds)	17,310	18,640	22,102	22,858	9.7%
Change in working capital	139	160	0	0	-100.0%
Cash flow from operations	3,134	3,461	3,696	3,968	8.2%
Capital expenditure	-3,996	-4,392	-4,035	-4,040	N/A
Free cash flow	-1,028	-1,110	-914	-505	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.2	18.7	17.7	16.8	17.8
EV/EBITDA (adj) (x)	9.8	9.2	9.4	9.1	9.4
EV/EBIT (adj) (x)	7.1	6.6	6.7	6.4	6.7
FCF yield (%)	-2.4	-2.5	-1.9	-1.0	-2.0
P/BV (x)	1.4	1.4	1.3	1.3	1.4
Dividend yield (%)	3.7	3.9	4.0	4.1	3.9
Net debt/EBITDA (adj) (x)	4.0	3.9	4.4	4.3	4.1

Selected operating metrics	Average				
Payout ratio (%)	67.8	72.2	71.0	69.5	70.1
Interest cover (x)	3.0	3.1	3.0	3.0	3.0
Regulated (%)	0.0	0.0	0.0	0.0	0.0

Price (17-Nov-2020)	USD 79.25
Price Target	USD 83.00

**Why Underweight?** We rate ED Underweight as we believe the current valuation is stretched based on a lack luster rate outcome for CECONY which drives a lower growth profile. We see the lower than group average growth as driving a 10% discount to the 2023 group average multiple.

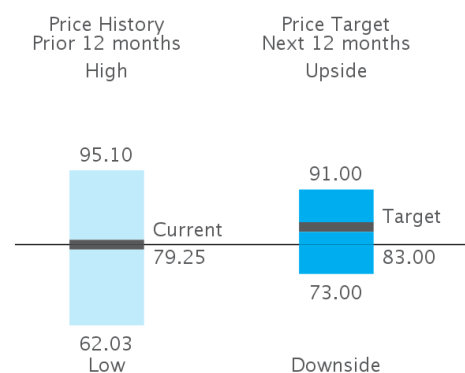
Upside case	USD 91.00
-------------	-----------

Our upside case reflects the utility group average P/E multiple to portray potentially higher earnings from additional rate base growth and a favorable O&R rate case outcome.

Downside case	USD 73.00
---------------	-----------

Our downside case reflects a 20% discount to the regulated group to reflect potentially lower earnings driven by lower sales growth and investment because of REV.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>Duke Energy Corporation (DUK)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	25,079	25,577	26,509	27,242	2.8%
EBITDA (adj)	10,257	10,697	11,321	11,941	5.2%
EBIT (adj)	5,709	6,000	6,431	6,861	6.3%
Pre-tax income (adj)	4,097	4,235	4,482	4,765	5.2%
Net income (adj)	3,707	3,792	4,008	4,243	4.6%
EPS (adj) (\$)	5.08	5.14	5.24	5.51	2.7%
Diluted shares (mn)	729.5	737.0	765.1	770.3	1.8%
DPS (\$)	3.79	3.97	4.17	4.38	5.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	40.9	41.8	42.7	43.8	42.3
EBIT (adj) margin (%)	22.8	23.5	24.3	25.2	23.9
Pre-tax (adj) margin (%)	16.3	16.6	16.9	17.5	16.8
Net (adj) margin (%)	14.8	14.8	15.1	15.6	15.1
ROIC (%)	5.3	5.4	5.8	6.1	5.6
ROA (%)	2.5	2.4	2.5	2.6	2.5
ROE (%)	8.5	8.2	8.2	8.8	8.4

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	146,916	156,091	164,766	173,316	5.7%
Cash and equivalents	276	779	549	290	1.8%
Total assets	156,797	161,730	164,898	168,123	2.4%
Short and long-term debt	61,947	63,177	63,714	66,277	2.3%
Other long-term liabilities	40,092	41,413	44,745	46,393	5.0%
Total liabilities	110,553	113,104	116,975	121,188	3.1%
Shareholders' equity	46,292	48,697	48,017	47,052	0.5%
Net debt/(funds)	61,671	62,399	63,165	65,987	2.3%
Change in working capital	95	950	1,202	107	3.8%
Cash flow from operations	9,086	9,220	9,629	10,053	3.4%
Capital expenditure	-11,100	-10,550	-9,675	-9,050	N/A
Free cash flow	-4,775	-4,260	-3,239	-2,372	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.3	18.1	17.7	16.9	17.8
EV/EBITDA (adj) (x)	12.4	12.0	11.4	11.0	11.7
EV/EBIT (adj) (x)	22.3	21.4	20.1	19.2	20.7
FCF yield (%)	-3.7	-3.3	-2.5	-1.8	-2.8
P/BV (x)	1.5	1.4	1.5	1.5	1.5
Dividend yield (%)	4.1	4.3	4.5	4.7	4.4
Net debt/EBITDA (adj) (x)	6.0	5.8	5.6	5.5	5.7

Selected operating metrics	Average				
Payout ratio (%)	74.5	77.3	79.7	79.6	77.7
Interest cover (x)	2.6	2.6	2.6	2.6	2.6
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020) USD 92.92  
Price Target USD 102.00

**Why Equal Weight?** We view DUK as a solid regulated company with a credible long-term investment plan. We see earnings growth rebounding back to the 4-6% off of a 2021 earnings base given the removal of ACP earnings from 2020 and 2021 earnings

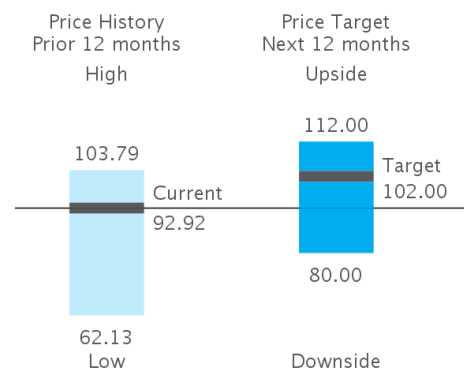
**Upside case** USD 112.00

Our upside case uses a 5% premium to the 2023 group average P/E multiple applied to our 2021 EPS estimate.

**Downside case** USD 80.00

Our downside case uses a 10% discount to the 2023 group average P/E multiple applied to our 2021 estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
Edison International (EIX)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	12,347	12,967	13,234	13,576	3.2%
EBITDA (adj)	3,505	4,401	4,705	5,083	13.2%
EBIT (adj)	1,775	2,410	2,559	2,762	15.9%
Pre-tax income (adj)	1,127	1,725	1,819	1,924	19.5%
Net income (adj)	1,284	1,644	1,736	1,845	12.8%
EPS (adj) (\$)	4.70	4.43	4.58	4.85	1.1%
Diluted shares (mn)	339.7	371.2	378.9	380.1	3.8%
DPS (\$)	2.45	2.55	2.58	2.61	2.2%

Margin and return data	Average				
EBITDA (adj) margin (%)	28.4	33.9	35.5	37.4	33.8
EBIT (adj) margin (%)	14.4	18.6	19.3	20.3	18.2
Pre-tax (adj) margin (%)	9.1	13.3	13.7	14.2	12.6
Net (adj) margin (%)	10.4	12.7	13.1	13.6	12.4
ROIC (%)	5.2	6.5	6.5	6.6	6.2
ROA (%)	3.6	3.6	3.6	3.8	3.6
ROE (%)	10.1	10.6	10.2	10.4	10.4

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	54,329	59,229	64,629	70,029	8.8%
Cash and equivalents	68	470	2	38	-17.8%
Total assets	64,382	67,335	69,770	72,539	4.1%
Short and long-term debt	18,893	20,395	21,879	23,620	7.7%
Other long-term liabilities	0	0	0	0	N/A
Total liabilities	48,886	50,388	52,102	54,043	3.4%
Shareholders' equity	15,496	16,946	17,668	18,496	6.1%
Net debt/(funds)	18,825	19,925	21,877	23,582	7.8%
Change in working capital	73	-148	-1,180	-32	N/A
Cash flow from operations	-307	4,114	4,353	4,632	N/A
Capital expenditure	-4,877	-4,900	-5,400	-5,400	N/A
Free cash flow	-6,115	-1,900	-2,181	-1,906	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	14.0	14.8	14.3	13.5	14.2
EV/EBITDA (adj) (x)	11.5	9.4	9.2	8.8	9.7
EV/EBIT (adj) (x)	22.6	17.1	16.9	16.3	18.2
FCF yield (%)	-15.2	-4.6	-5.0	-4.2	-7.3
P/BV (x)	1.4	1.4	1.4	1.3	1.4
Dividend yield (%)	3.7	3.9	3.9	4.0	3.9
Net debt/EBITDA (adj) (x)	5.4	4.5	4.7	4.6	4.8

Selected operating metrics	Average				
Payout ratio (%)	52.1	57.6	56.4	53.9	55.0
Interest cover (x)	2.1	2.7	2.7	2.7	2.6
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020) USD 65.60  
Price Target USD 69.00

**Why Equal Weight?** We assign an Equal Weight rating as we believe questions around final net 17/18 liability risk, implementation of improved cost recovery parameters, and equity issuance mean EIX likely continues to trade at a discount for next 12 months.

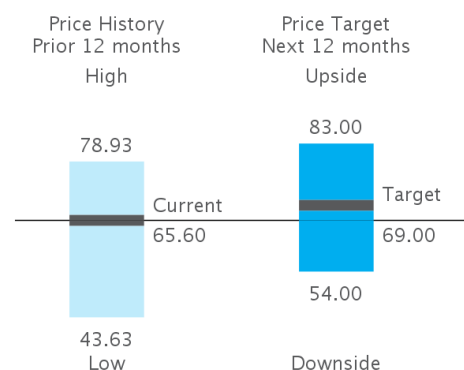
Upside case USD 83.00

The upside case applies a group average 2023 P/E multiple and assumes zero wildfire liability for 2017 / 2018 fires.

Downside case USD 54.00

Our downside case assumes \$3.7bn net 2017 / 2018 wildfire liability and a 20% discount to the group average P/E multiple.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec



North America Power & Utilities					Industry View: POSITIVE
Essential Utilities, Inc. (WTRG)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	890	1,880	2,056	2,315	37.5%
EBITDA (adj)	517	911	980	1,102	28.7%
EBIT (adj)	361	634	675	769	28.7%
Pre-tax income (adj)	261	436	479	551	28.2%
Net income (adj)	263	398	422	446	19.2%
EPS (adj) (\$)	1.47	1.56	1.62	1.70	5.1%
Diluted shares (mn)	179	255	260	262	13.5%
DPS (\$)	0.91	0.96	1.02	1.08	6.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	58.1	48.5	47.7	47.6	50.5
EBIT (adj) margin (%)	40.6	33.7	32.9	33.2	35.1
Pre-tax (adj) margin (%)	29.4	23.2	23.3	23.8	24.9
Net (adj) margin (%)	29.6	21.2	20.5	19.3	22.6
ROIC (%)	3.7	7.3	7.3	7.7	6.5
ROA (%)	N/A	3.1	3.1	3.1	3.1
ROE (%)	N/A	8.6	8.9	8.5	8.7

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	10,795	11,745	12,720	13,720	8.3%
Cash and equivalents	32	31	41	0	-100.0%
Total assets	12,929	13,601	14,281	14,907	4.9%
Short and long-term debt	5,225	3,950	4,075	4,572	-4.4%
Other long-term liabilities	766	2,531	2,561	2,423	46.8%
Total liabilities	8,315	8,844	9,055	9,519	4.6%
Shareholders' equity	4,613	4,765	5,226	5,388	5.3%
Net debt/(funds)	5,193	3,919	4,034	4,572	-4.2%
Change in working capital	N/A	0	-1	10	N/A
Cash flow from operations	0	713	784	802	N/A
Capital expenditure	0	-950	-975	-1,000	N/A
Free cash flow	0	-514	-767	-538	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	30.5	28.7	27.6	26.3	28.3
EV/EBITDA (adj) (x)	48.0	29.7	27.9	25.4	32.8
EV/EBIT (adj) (x)	68.8	42.7	40.5	36.4	47.1
FCF yield (%)	0.0	-1.9	-2.8	-1.9	-1.7
P/BV (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	2.0	2.1	2.3	2.4	2.2
Net debt/EBITDA (adj) (x)	10.0	4.3	4.1	4.1	5.7

Selected operating metrics	Average				
Payout ratio (%)	61.9	61.8	62.9	63.6	62.6
Interest cover (x)	3.0	4.6	5.1	5.3	4.5
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020)	USD 44.88
Price Target	USD 50.00

**Why Equal Weight?** We assign an Equal Weight rating to reflect transitory overhangs and a historically palatable valuation. We value WTRG on a sum of the parts basis and apply the utility group average P/E multiple, reflecting gas utility peers. The current share price reflects our valuation conclusion.

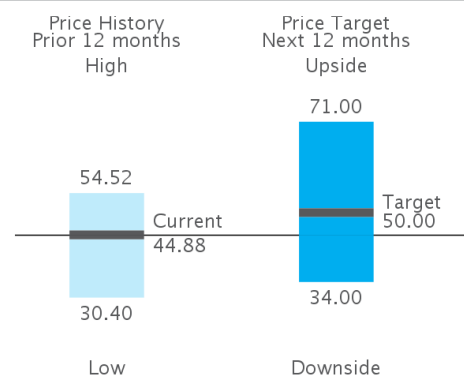
Upside case	USD 71.00
-------------	-----------

Our upside case assumes WTRG is valued using consolidated EPS against a water group P/E multiple. We believe this case could materialize if scarcity value persists and WTRG is deemed a pure-play water utility, despite the gas contribution to earnings.

Downside case	USD 34.00
---------------	-----------

Our downside case values WTRG consolidated EPS on the utility group average P/E multiple, while maintaining a 15% premium for the gas business and a 5% premium for water. We think this could materialize if ESG flows lessen or long-term growth appears unsustainable long term.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>Eversource Energy (ES)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	8,526	8,915	9,155	9,413	3.4%
EBITDA (adj)	2,671	3,223	3,466	3,686	11.3%
EBIT (adj)	1,590	2,072	2,241	2,388	14.5%
Pre-tax income (adj)	1,190	1,619	1,776	1,893	16.7%
Net income (adj)	917	1,230	1,350	1,439	16.2%
EPS (adj) (\$)	3.45	3.62	3.89	4.13	6.1%
Diluted shares (mn)	322.9	337.9	345.0	346.2	2.3%
DPS (\$)	2.12	2.27	2.42	2.57	6.7%

Margin and return data	Average				
EBITDA (adj) margin (%)	31.3	36.2	37.9	39.2	36.1
EBIT (adj) margin (%)	18.7	23.2	24.5	25.4	22.9
Pre-tax (adj) margin (%)	14.0	18.2	19.4	20.1	17.9
Net (adj) margin (%)	10.7	13.8	14.7	15.3	13.6
ROIC (%)	6.0	7.0	7.4	7.7	7.0
ROA (%)	2.2	2.8	3.0	3.1	2.8
ROE (%)	7.3	9.3	10.1	10.7	9.3

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	30,000	32,979	34,189	35,938	6.2%
Cash and equivalents	15	884	291	325	176.1%
Total assets	41,124	44,103	45,313	47,062	4.6%
Short and long-term debt	14,098	16,346	16,745	17,603	7.7%
Other long-term liabilities	9,052	9,202	9,352	9,502	1.6%
Total liabilities	28,494	30,858	31,968	33,617	5.7%
Shareholders' equity	12,630	13,245	13,345	13,445	2.1%
Net debt/(funds)	14,083	15,462	16,454	17,278	7.1%
Change in working capital	96	-1	112	110	4.7%
Cash flow from operations	2,010	2,300	2,493	2,650	9.7%
Capital expenditure	-2,911	-3,071	-2,834	-2,817	N/A
Free cash flow	-1,565	-1,538	-1,175	-1,058	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	26.6	25.4	23.6	22.2	24.4
EV/EBITDA (adj) (x)	16.4	14.0	13.3	12.7	14.1
EV/EBIT (adj) (x)	27.5	21.8	20.6	19.6	22.4
FCF yield (%)	-3.6	-3.4	-2.6	-2.3	-2.9
P/BV (x)	2.3	2.3	2.4	2.4	2.4
Dividend yield (%)	2.3	2.5	2.6	2.8	2.6
Net debt/EBITDA (adj) (x)	5.3	4.8	4.7	4.7	4.9

Selected operating metrics	Average				
Payout ratio (%)	61.4	62.8	62.2	62.3	62.2
Interest cover (x)	5.0	5.4	5.6	5.6	5.4
Regulated (%)	100.0	100.0	200.0	200.0	150.0

Price (17-Nov-2020) USD 91.75  
Price Target USD 100.00

**Why Equal Weight?** We believe ES's diverse, high quality regulated business will grow base earnings at the midpoint of its 5-7% target through the forecast period. We apply a 25% valuation premium to reflect the above average growth, reasonable regulatory mechanisms that are in place, allowing the company to earn a prompt return on its regulatory investing.

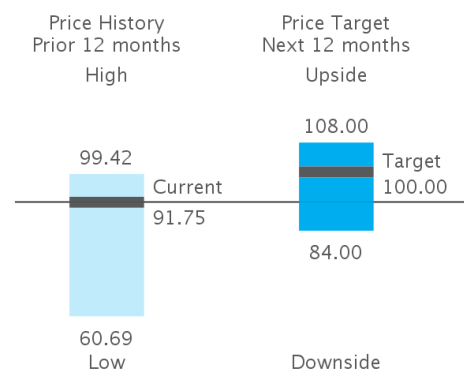
**Upside case** USD 108.00

We believe there are a number of large projects that could boost ES's earnings power and growth rate in the medium to long term. Offshore wind projects, the CGMA acquisition, grid mod, and elevated ESG fund flows could justify a 35% premium.

**Downside case** USD 84.00

An adverse change in regulation or legislation, while not expected, could result in a discount valuation for ES. We impute a 5% group discount to arrive at our downside case valuation.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
FirstEnergy Corp. (FE)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	11,035	11,733	12,076	12,365	3.9%
EBITDA (adj)	3,730	4,025	4,261	4,442	6.0%
EBIT (adj)	2,510	2,730	2,883	2,981	5.9%
Pre-tax income (adj)	1,117	1,750	1,838	1,923	19.9%
Net income (adj)	912	1,338	1,408	1,475	17.4%
EPS (adj) (\$)	2.58	2.50	2.63	2.73	1.8%
Diluted shares (mn)	535.0	535.0	535.0	540.7	0.4%
DPS (\$)	1.46	1.48	1.52	1.52	1.4%

Margin and return data	Average				
EBITDA (adj) margin (%)	33.8	34.3	35.3	35.9	34.8
EBIT (adj) margin (%)	22.7	23.3	23.9	24.1	23.5
Pre-tax (adj) margin (%)	10.1	14.9	15.2	15.6	14.0
Net (adj) margin (%)	8.3	11.4	11.7	11.9	10.8
ROIC (%)	9.2	9.4	9.3	9.3	9.3
ROA (%)	5.1	5.0	5.1	5.0	5.1
ROE (%)	13.4	19.4	17.1	16.4	16.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	42,421	45,321	48,371	51,441	6.6%
Cash and equivalents	95	313	901	629	87.8%
Total assets	41,454	43,269	45,522	46,852	4.2%
Short and long-term debt	20,400	20,745	21,993	22,249	2.9%
Other long-term liabilities	11,260	11,429	11,647	11,888	1.8%
Total liabilities	34,541	35,055	36,520	37,018	2.3%
Shareholders' equity	6,913	8,214	9,002	9,835	12.5%
Net debt/(funds)	20,305	20,432	21,091	21,620	2.1%
Change in working capital	-148	223	598	-272	N/A
Cash flow from operations	2,139	3,439	3,049	3,231	14.7%
Capital expenditure	-2,952	-2,900	-3,050	-3,070	N/A
Free cash flow	-1,627	-296	-877	-769	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	11.1	11.5	10.9	10.5	11.0
EV/EBITDA (adj) (x)	9.5	8.9	8.5	8.3	8.8
EV/EBIT (adj) (x)	14.2	13.1	12.6	12.4	13.0
FCF yield (%)	-4.6	-0.8	-2.4	-2.1	-2.5
P/BV (x)	2.2	1.9	1.7	1.6	1.8
Dividend yield (%)	5.1	5.1	5.3	5.3	5.2
Net debt/EBITDA (adj) (x)	5.4	5.1	4.9	4.9	5.1

Selected operating metrics	Average				
Payout ratio (%)	56.5	59.2	57.8	55.7	57.3
Interest cover (x)	2.4	2.3	2.3	2.4	2.3
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020)	USD 28.74
Price Target	USD 33.00

**Why Equal Weight?** We assign a 30% discount to the group average 23E PE against our pro forma EPS estimate, to account for potential penalties and fines along with a challenging ESG profile.

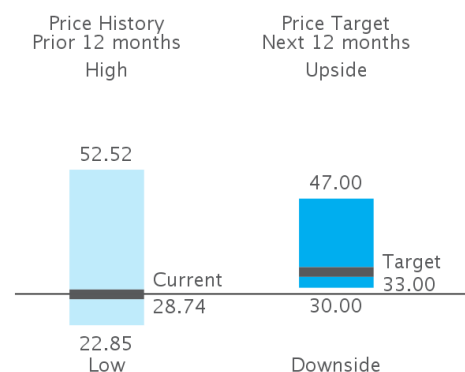
Upside case	USD 47.00
-------------	-----------

We apply a group average 23E PE multiple applied to our pro forma EPS estimate.

Downside case	USD 30.00
---------------	-----------

We apply a 35% discount to the group average 23E PE multiple applied to our pro forma EPS estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
NextEra Energy, Inc. (NEE)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	19,204	19,827	20,284	20,613	2.4%
EBITDA (adj)	10,301	10,358	10,653	10,757	1.5%
EBIT (adj)	6,085	6,209	6,668	6,937	4.5%
Pre-tax income (adj)	4,568	4,609	4,934	5,208	4.5%
Net income (adj)	4,062	4,446	4,768	5,088	7.8%
EPS (adj) (\$)	2.09	2.28	2.45	2.61	7.7%
Diluted shares (mn)	1,940	1,947	1,947	1,947	0.1%
DPS (\$)	5.00	5.65	6.38	7.21	13.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	53.6	52.2	52.5	52.2	52.6
EBIT (adj) margin (%)	31.7	31.3	32.9	33.7	32.4
Pre-tax (adj) margin (%)	23.8	23.2	24.3	25.3	24.2
Net (adj) margin (%)	21.2	22.4	23.5	24.7	22.9
ROIC (%)	7.1	7.4	8.0	8.5	7.7
ROA (%)	3.9	4.0	4.2	4.5	4.1
ROE (%)	11.9	12.6	14.6	18.9	14.5

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	92,220	104,275	116,420	128,550	11.7%
Cash and equivalents	-6,221	-12,122	-20,894	-31,580	N/A
Total assets	111,836	114,089	113,734	111,620	-0.1%
Short and long-term debt	40,506	45,357	50,780	55,855	11.3%
Other long-term liabilities	22,941	22,941	22,941	22,941	0.0%
Total liabilities	71,705	76,556	81,979	87,054	6.7%
Shareholders' equity	35,289	32,691	26,913	19,724	-17.6%
Net debt/(funds)	46,727	57,479	71,674	87,435	23.2%
Change in working capital	5,402	-5,783	-10,170	-10,686	N/A
Cash flow from operations	7,747	7,147	7,227	7,263	-2.1%
Capital expenditure	-11,945	-11,680	-11,780	-11,780	N/A
Free cash flow	-13,170	-15,909	-17,348	-18,914	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	36.6	33.5	31.3	29.3	32.7
EV/EBITDA (adj) (x)	19.0	19.9	20.7	22.0	20.4
EV/EBIT (adj) (x)	32.2	33.3	33.1	34.1	33.2
FCF yield (%)	-6.7	-7.7	-7.9	-8.0	-7.6
P/BV (x)	4.2	4.6	5.5	7.6	5.5
Dividend yield (%)	6.5	7.4	8.3	9.4	7.9
Net debt/EBITDA (adj) (x)	4.5	5.5	6.7	8.1	6.2

Selected operating metrics	Average				
Payout ratio (%)	238.8	247.4	260.7	276.0	255.7
Interest cover (x)	2.4	2.8	2.8	2.9	2.7
Regulated (%)	61.9	62.9	62.4	60.6	61.9

Price (17-Nov-2020) USD 76.61  
Price Target USD 87.00

**Why Equal Weight?** Top industry growth combined with an above-average regulatory environment drive the 20% premium valuation. Above-average growth provides for a larger increase to our expected price target, providing a compelling risk reward.

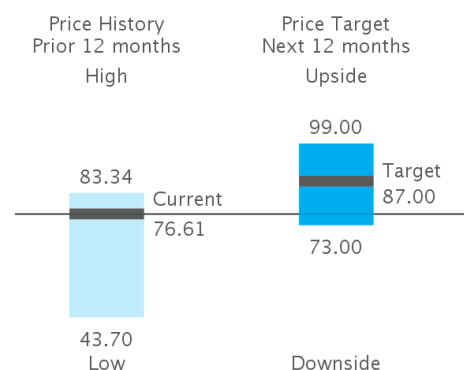
**Upside case** USD 99.00

Our upside case applies a 30% premium multiple to the 2023 EPS estimates for the regulated utilities and assumes a 25% greater contribution from NEP and 20% greater contribution from NEER.

**Downside case** USD 73.00

Our downside case applies an industry average multiple to 2023E earnings and assumes a 25% lower NEP value and a 15% lower contribution from NEER.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities						Industry View: POSITIVE
NiSource, Inc. (NI)						Stock Rating: OVERWEIGHT
<b>Income statement (\$mn)</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>CAGR</b>	<b>Price (17-Nov-2020)</b> USD 24.75
Revenue	5,209	5,250	5,173	5,387	1.1%	<b>Price Target</b> USD 29.00
EBITDA (adj)	2,028	1,914	2,031	2,183	2.5%	<b>Why Overweight?</b> We view NI as a quality utility with a well-defined rate base growth strategy from gas and electric infrastructure modernization, which we see as relatively low risk. We believe opportunities for accelerated growth from legacy generation replacement power investments result in upside to the current valuation.
EBIT (adj)	1,316	1,167	1,235	1,306	-0.2%	
Pre-tax income (adj)	507	771	816	877	20.1%	
Net income (adj)	495	518	551	597	6.4%	
EPS (adj) (\$)	1.32	1.33	1.38	1.43	2.9%	
Diluted shares (mn)	376.0	389.5	400.4	415.8	3.4%	
DPS (\$)	0.80	0.85	0.90	0.95	6.0%	
<b>Margin and return data</b>					<b>Average</b>	<b>Upside case</b> USD 32.00
EBITDA (adj) margin (%)	38.9	36.5	39.3	40.5	38.8	Our upside case reflects a 5% premium to the 2023 utility group average P/E multiple applied to higher earnings driven by additional rate base growth and favorable rate case outcomes.
EBIT (adj) margin (%)	17.1	22.0	23.7	24.1	21.7	
Pre-tax (adj) margin (%)	9.7	14.7	15.8	16.3	14.1	<b>Downside case</b> USD 24.00 Our downside case reflects a 10% discount to the 2023 utility group average P/E multiple applied to lower earnings driven by slower rate base growth and unfavorable rate case outcomes.
Net (adj) margin (%)	9.5	9.9	10.6	11.1	10.3	
ROIC (%)	5.7	7.1	7.1	7.4	6.8	
ROA (%)	2.3	2.3	2.3	2.4	2.3	
ROE (%)	8.6	8.6	8.5	8.5	8.6	
<b>Balance sheet and cash flow (\$mn)</b>					<b>CAGR</b>	<b>Upside/Downside scenarios</b>
Tangible fixed assets	16,912	18,023	19,385	21,816	8.9%	
Cash and equivalents	139	-83	-295	-2,263	N/A	
Total assets	22,660	23,548	24,698	25,161	3.6%	
Short and long-term debt	9,629	9,840	10,332	10,038	1.4%	
Other long-term liabilities	5,071	5,189	5,307	5,425	2.3%	
Total liabilities	16,673	17,057	17,700	17,646	1.9%	
Shareholders' equity	5,987	6,492	6,999	7,515	7.9%	
Net debt/(funds)	9,490	9,923	10,627	12,301	9.0%	
Change in working capital	89	1,496	-244	-2,091	N/A	
Cash flow from operations	1,583	1,470	1,552	1,678	1.9%	
Capital expenditure	-1,802	-1,750	-2,050	-3,200	N/A	
Free cash flow	-219	-280	-498	-1,522	N/A	
<b>Valuation and leverage metrics</b>					<b>Average</b>	
P/E (adj) (x)	18.8	18.6	18.0	17.2	18.2	
EV/EBITDA (adj) (x)	9.2	10.0	9.8	9.9	9.7	
EV/EBIT (adj) (x)	14.2	16.4	16.1	16.5	15.8	
FCF yield (%)	-1.2	-1.5	-2.5	-7.1	-3.1	
P/BV (x)	1.6	1.5	1.4	1.4	1.5	
Dividend yield (%)	3.2	3.4	3.6	3.8	3.5	
Net debt/EBITDA (adj) (x)	4.7	5.2	5.2	5.6	5.2	
<b>Selected operating metrics</b>					<b>Average</b>	
Payout ratio (%)	60.8	63.8	65.3	66.4	64.1	
Interest cover (x)	2.4	3.0	3.0	3.1	2.9	
Regulated (%)	100.0	100.0	100.0	100.0	100.0	

Source: Company data, Bloomberg, Barclays Research  
 Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
Northwestern Corporation (NWE)					Stock Rating: EQUAL WEIGHT

Income statement (\$k)	2019A	2020E	2021E	2022E	CAGR
Revenue	1,250,610	1,256,145	1,278,443	1,296,992	1.2%
EBITDA (adj)	442,886	448,007	472,048	497,949	4.0%
EBIT (adj)	246,650	265,054	275,100	288,081	5.3%
Pre-tax income (adj)	174,895	168,261	179,547	193,468	3.4%
Net income (adj)	173,820	171,626	179,547	187,664	2.6%
EPS (adj) (\$)	3.42	3.37	3.51	3.65	2.1%
Diluted shares (mn)	50.8	50.9	51.2	51.5	0.5%
DPS (\$)	2.30	2.40	2.51	2.63	4.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	35.4	35.7	36.9	38.4	36.6
EBIT (adj) margin (%)	19.7	21.1	21.5	22.2	21.1
Pre-tax (adj) margin (%)	14.0	13.4	14.0	14.9	14.1
Net (adj) margin (%)	13.9	13.7	14.0	14.5	14.0
ROIC (%)	4.2	3.9	3.9	4.0	4.0
ROA (%)	3.1	2.9	2.9	3.0	3.0
ROE (%)	8.9	8.4	8.5	8.6	8.6

Balance sheet and cash flow (\$k)	CAGR				
Tangible fixed assets	N/A	N/A	N/A	N/A	N/A
Cash and equivalents	5,145	-5,215	-59,843	-163,534	N/A
Total assets	5,910,702	6,117,549	6,321,053	6,469,094	3.1%
Short and long-term debt	2,233,281	2,353,281	2,473,281	2,533,281	4.3%
Other long-term liabilities	1,638,327	1,655,982	1,668,637	1,684,292	0.9%
Total liabilities	3,871,608	4,009,263	4,141,918	4,217,573	2.9%
Shareholders' equity	2,039,094	2,108,286	2,179,135	2,251,520	3.4%
Net debt/(funds)	2,228,136	2,358,496	2,533,124	2,696,815	6.6%
Change in working capital	36,784	-28,015	-67,283	-119,346	N/A
Cash flow from operations	296,720	365,874	385,070	404,587	10.9%
Capital expenditure	-316,016	-398,800	-451,000	-456,000	N/A
Free cash flow	-134,423	-155,360	-194,628	-186,691	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	17.6	17.9	17.2	16.6	17.3
EV/EBITDA (adj) (x)	12.0	12.1	11.9	11.6	11.9
EV/EBIT (adj) (x)	21.5	20.5	20.4	20.0	20.6
FCF yield (%)	-2.5	-2.9	-3.5	-3.2	-3.0
P/BV (x)	1.4	1.4	1.3	1.3	1.3
Dividend yield (%)	3.8	4.0	4.2	4.4	4.1
Net debt/EBITDA (adj) (x)	5.0	5.3	5.4	5.4	5.3

Selected operating metrics	Average				
Payout ratio (%)	67.2	71.3	71.7	72.1	70.6
Interest cover (x)	2.6	2.7	2.8	2.9	2.7
Regulated (%)	100.0	100.0	100.0	200.0	125.0

Price (17-Nov-2020)	USD 60.38
Price Target	USD 63.00

**Why Equal Weight?** We believe a 10% discount to the group multiple is appropriate given below average growth and regulatory (although regulatory is improving). The current valuation shows the balanced risk reward profile.

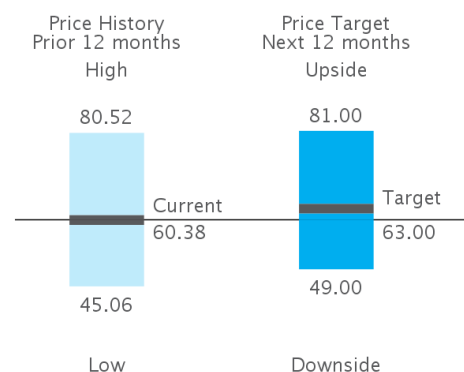
Upside case	USD 81.00
-------------	-----------

Our upside case assumes a 15% premium to the group average regulated utility multiple assuming a positive shift in regulatory framework and significant improvement to ratebase growth and visibility driven by self build of generation in support of capacity needs.

Downside case	USD 49.00
---------------	-----------

Our downside case assumes a 15% discount to the group average regulated utility multiple if regulatory issues persist and capacity needs are filled via purchased power contracts and not self build.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>OGE Energy Corp. (OGE)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	2,232	2,219	2,279	2,354	1.8%
EBITDA (adj)	859	913	961	1,025	6.1%
EBIT (adj)	504	538	569	615	6.9%
Pre-tax income (adj)	463	480	514	543	5.5%
Net income (adj)	434	432	453	467	2.5%
EPS (adj) (\$)	2.16	2.15	2.26	2.33	2.5%
Diluted shares (mn)	201	201	201	201	0.0%
DPS (\$)	1.51	1.59	1.65	1.72	4.4%

Price (17-Nov-2020)	USD 34.21
Price Target	USD 36.00

**Why Equal Weight?** While there recent developments for OK regulatory lag and ENBL options. The combination of Enable Midstream and Oklahoma Gas and Electric, while synergistic from a utility financing standpoint, is ultimately dilutive to the corporate growth rate. Fair and timely regulatory recovery remains a risk as OG&E's earned returns show a meaningful regulatory lag.

Margin and return data	Average				
EBITDA (adj) margin (%)	38.5	41.2	42.2	43.5	41.3
EBIT (adj) margin (%)	22.6	24.2	25.0	26.1	24.5
Pre-tax (adj) margin (%)	20.8	21.6	22.6	23.1	22.0
Net (adj) margin (%)	19.4	19.5	19.9	19.8	19.6
ROIC (%)	7.0	7.4	7.7	8.2	7.6
ROA (%)	3.9	3.8	3.9	3.9	3.9
ROE (%)	10.5	10.2	10.4	10.4	10.3

<b>Upside case</b>	<b>USD 47.00</b>
--------------------	------------------

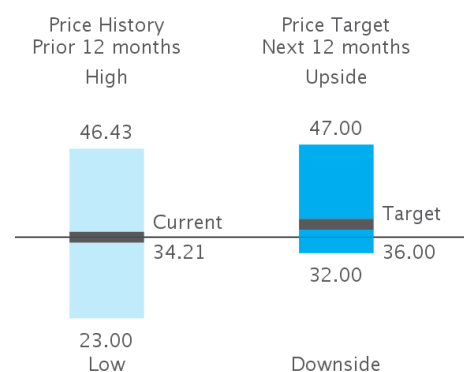
Our upside case factors in a 10% utility P/E premium based on 2023 utility EPS combined with ENBL valued at \$5/unit (\$2 to OGE).

<b>Downside case</b>	<b>USD 32.00</b>
----------------------	------------------

Our downside case factors in a 20% discount to the group average at the utility, for higher regulatory risk and uncertainty. We value ENBL at \$5 per unit (\$2 to OGE).

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	9,045	9,244	9,578	9,898	3.1%
Cash and equivalents	0	86	6	45	N/A
Total assets	11,024	11,325	11,621	12,018	2.9%
Short and long-term debt	3,307	3,495	3,670	3,945	6.1%
Other long-term liabilities	3,032	3,032	3,032	3,032	0.0%
Total liabilities	6,885	7,073	7,248	7,523	3.0%
Shareholders' equity	4,140	4,253	4,374	4,496	2.8%
Net debt/(funds)	3,307	3,409	3,664	3,900	5.7%
Change in working capital	N/A	N/A	N/A	N/A	N/A
Cash flow from operations	682	792	802	839	7.2%
Capital expenditure	-636	-575	-725	-730	N/A
Free cash flow	46	217	77	109	33.3%

#### Upside/Downside scenarios



Valuation and leverage metrics	Average				
P/E (adj) (x)	15.8	15.9	15.2	14.7	15.4
EV/EBITDA (adj) (x)	11.8	11.2	10.9	10.5	11.1
EV/EBIT (adj) (x)	20.1	19.1	18.5	17.5	18.8
FCF yield (%)	0.5	2.1	0.7	1.0	1.1
P/BV (x)	1.7	1.6	1.6	1.5	1.6
Dividend yield (%)	4.4	4.6	4.8	5.0	4.7
Net debt/EBITDA (adj) (x)	3.8	3.7	3.8	3.8	3.8

Selected operating metrics	Average				
Payout ratio (%)	69.9	73.8	73.2	73.9	72.7
Interest cover (x)	5.7	5.9	6.0	5.9	5.9
Regulated (%)	80.8	81.5	81.7	82.8	81.7

Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec



North America Power & Utilities					Industry View: POSITIVE
PG&E Corporation (PCG)					Stock Rating: OVERWEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	17,129	18,698	19,498	19,769	4.9%
EBITDA (adj)	-6,860	6,500	6,945	7,394	N/A
EBIT (adj)	-10,094	2,977	3,149	3,341	N/A
Pre-tax income (adj)	-11,042	2,042	2,205	2,381	N/A
Net income (adj)	-7,656	2,021	2,184	2,360	N/A
EPS (adj) (\$)	3.92	1.62	1.00	1.08	-35.0%
Diluted shares (mn)	528	1,250	2,180	2,190	60.7%
DPS (\$)	0.00	0.00	0.00	0.00	N/A

Margin and return data	Average				
EBITDA (adj) margin (%)	-40.0	34.8	35.6	37.4	16.9
EBIT (adj) margin (%)	-58.9	15.9	16.2	16.9	-2.5
Pre-tax (adj) margin (%)	-64.5	10.9	11.3	12.0	-7.5
Net (adj) margin (%)	-44.7	10.8	11.2	11.9	-2.7
ROIC (%)	-18.1	31.4	22.8	20.8	14.2
ROA (%)	-9.1	3.5	3.5	3.6	0.4
ROE (%)	-59.3	37.5	28.0	22.5	7.2

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	61,635	66,812	71,216	74,863	6.7%
Cash and equivalents	1,570	180	16	41	-70.3%
Total assets	85,196	89,013	93,253	98,025	4.8%
Short and long-term debt	52,046	1,850	3,350	3,350	-59.9%
Other long-term liabilities	21,631	19,901	19,901	19,901	-2.7%
Total liabilities	79,808	28,182	29,682	30,032	-27.8%
Shareholders' equity	5,388	7,811	10,476	12,767	33.3%
Net debt/(funds)	50,476	1,670	3,334	3,309	-59.7%
Change in working capital	-2,010	-1,664	-325	14	N/A
Cash flow from operations	4,816	5,858	6,812	5,595	5.1%
Capital expenditure	-6,313	-8,700	-8,200	-7,700	N/A
Free cash flow	-1,497	-2,842	-1,388	-2,105	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	3.0	7.2	11.7	10.9	8.2
EV/EBITDA (adj) (x)	-8.3	1.2	1.4	1.3	-1.1
EV/EBIT (adj) (x)	-5.6	2.6	3.0	2.8	0.7
FCF yield (%)	-2.6	-36.1	-14.6	-22.1	-18.9
P/BV (x)	1.1	1.9	2.4	2.0	1.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA (adj) (x)	-7.4	0.3	0.5	0.4	-1.5

Selected operating metrics	Average				
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Interest cover (x)	-7.3	6.9	7.3	7.7	3.7
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020)	USD 11.72
Price Target	USD 14.00

**Why Overweight?** We expect PCG's discount to close over the coming twelve months following resolution of the safety certification process, conclusion of the CPUC securitization regulatory proceeding, and eventual equity issuance in 2021.

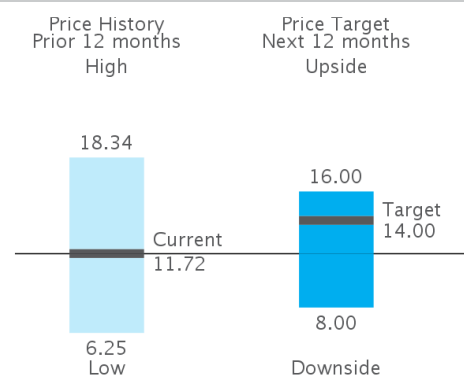
Upside case	USD 16.00
-------------	-----------

Our upside case assumes a group average multiple if PG&E is able to avoid large wildfires, reinstate the dividend, and execute at its guided growth rate for multiple years.

Downside case	USD 8.00
---------------	----------

Our downside case assumes a 50% discount to the group average multiple. We would expect this draconian outcome to emerge if a large-scale wildfire is caused in a negligent manner without AB 1054 coverage if PCG cannot obtain a safety certificate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
Pinnacle West Capital Corporation (PNW)					Stock Rating: OVERWEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	3,471	3,576	3,694	3,788	3.0%
EBITDA (adj)	1,263	1,445	1,521	1,613	8.5%
EBIT (adj)	672	828	862	911	10.7%
Pre-tax income (adj)	542	679	735	770	12.4%
Net income (adj)	558	592	597	625	3.9%
EPS (adj) (\$)	4.77	5.06	5.09	5.32	3.7%
Diluted shares (mn)	113	113	113	114	0.3%
DPS (\$)	3.00	3.17	3.37	3.57	6.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	36.4	40.4	41.2	42.6	40.1
EBIT (adj) margin (%)	19.4	23.2	23.3	24.0	22.5
Pre-tax (adj) margin (%)	15.6	19.0	19.9	20.3	18.7
Net (adj) margin (%)	16.1	16.5	16.1	16.5	16.3
ROIC (%)	6.0	6.7	6.5	6.5	6.4
ROA (%)	2.9	2.9	2.8	2.8	2.8
ROE (%)	9.5	9.7	9.4	9.5	9.5

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	16,752	17,245	17,891	18,882	4.1%
Cash and equivalents	10	328	320	166	152.7%
Total assets	19,397	20,367	21,372	22,262	4.7%
Short and long-term debt	6,233	7,333	7,833	8,333	10.2%
Other long-term liabilities	N/A	N/A	N/A	N/A	N/A
Total liabilities	13,398	14,128	14,896	15,546	5.1%
Shareholders' equity	5,876	6,116	6,353	6,593	3.9%
Net debt/(funds)	6,222	7,005	7,513	8,167	9.5%
Change in working capital	2,190	107	627	49	-71.9%
Cash flow from operations	957	1,209	1,255	1,327	11.5%
Capital expenditure	-1,191	-1,263	-1,650	-1,725	N/A
Free cash flow	-504	-413	-776	-804	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.2	17.2	17.1	16.3	17.2
EV/EBITDA (adj) (x)	12.6	11.6	11.3	11.1	11.7
EV/EBIT (adj) (x)	23.7	20.2	20.0	19.6	20.9
FCF yield (%)	-3.2	-2.5	-4.5	-4.5	-3.7
P/BV (x)	1.7	1.6	1.5	1.5	1.6
Dividend yield (%)	3.5	3.7	3.9	4.1	3.8
Net debt/EBITDA (adj) (x)	4.9	4.8	4.9	5.1	4.9

Selected operating metrics	Average				
Payout ratio (%)	62.7	62.8	66.2	67.0	64.7
Interest cover (x)	5.4	5.7	5.7	5.5	5.6
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020) USD 86.78  
Price Target USD 103.00

**Why Overweight?** We rate PNW as Overweight based on current relative value within our regulated utility group. The price target is based on a group average 2023 EPS multiple.

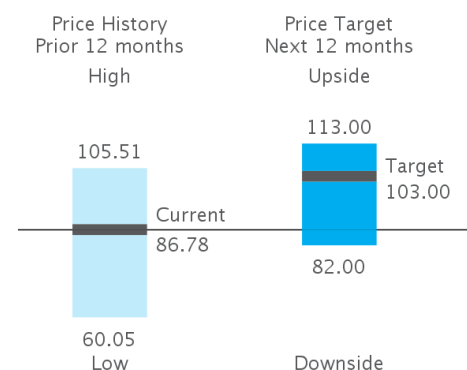
**Upside case** USD 113.00

A 10% premium to the group P/E multiple is attributed to potential for above-average earnings and dividend growth, pending regulatory outcomes and economic conditions.

**Downside case** USD 82.00

A 20% discount to the group P/E premised on lower-than-expected load growth combined with sub-optimal rate case, IRP, and retail competition outcomes.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>PNM Resources, Inc. (PNM)</b>					<b>Stock Rating: UNDERWEIGHT</b>

Income statement (\$k)	2019A	2020E	2021E	2022E	CAGR
Revenue	1,458,600	1,520,053	1,575,559	1,627,226	3.7%
EBITDA (adj)	592,681	659,408	710,685	755,341	8.4%
EBIT (adj)	324,873	369,625	399,052	427,233	9.6%
Pre-tax income (adj)	203,857	226,424	252,347	278,280	10.9%
Net income (adj)	172,540	183,665	203,623	223,103	8.9%
EPS (adj) (\$)	2.16	2.28	2.37	2.60	6.4%
Diluted shares (k)	79,990	80,588	85,969	85,969	2.4%
DPS (\$)	1.18	1.25	1.33	1.41	6.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	40.6	43.4	45.1	46.4	43.9
EBIT (adj) margin (%)	22.3	24.3	25.3	26.3	24.5
Pre-tax (adj) margin (%)	14.0	14.9	16.0	17.1	15.5
Net (adj) margin (%)	11.8	12.1	12.9	13.7	12.6
ROIC (%)	6.6	6.4	6.8	6.9	6.7
ROA (%)	2.5	2.5	2.5	2.7	2.6
ROE (%)	10.2	10.9	9.9	10.4	10.4

Balance sheet and cash flow (\$k)	CAGR				
Tangible fixed assets	7,918,601	8,724,601	9,700,601	10,460,601	9.7%
Cash and equivalents	3,833	301,081	-253,500	-403,382	N/A
Total assets	7,298,774	8,112,239	8,222,025	8,504,035	5.2%
Short and long-term debt	3,192,817	3,633,643	3,654,043	3,834,043	6.3%
Other long-term liabilities	2,060,565	2,060,565	2,060,565	2,060,565	0.0%
Total liabilities	5,557,024	5,997,850	6,018,250	6,198,250	3.7%
Shareholders' equity	1,678,698	2,051,337	2,140,723	2,242,733	10.1%
Net debt/(funds)	3,188,984	3,332,562	3,907,543	4,237,425	9.9%
Change in working capital	-463,542	63,016	355,018	-204,881	N/A
Cash flow from operations	503,163	488,217	530,025	565,980	4.0%
Capital expenditure	-616,273	-806,000	-976,000	-760,000	N/A
Free cash flow	-206,036	-419,337	-560,741	-315,640	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	22.7	21.5	20.6	18.8	20.9
EV/EBITDA (adj) (x)	12.0	11.0	11.0	10.8	11.2
EV/EBIT (adj) (x)	21.8	19.6	19.6	19.0	20.0
FCF yield (%)	-2.9	-5.8	-7.2	-3.9	-4.9
P/BV (x)	2.3	1.9	2.0	1.9	2.0
Dividend yield (%)	2.4	2.6	2.7	2.9	2.6
Net debt/EBITDA (adj) (x)	5.4	5.1	5.5	5.6	5.4

Selected operating metrics	Average				
Payout ratio (%)	54.8	55.0	56.1	54.3	55.1
Interest cover (x)	4.9	4.6	4.8	5.1	4.9
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020)	USD 48.90
Price Target	USD 50.00

**Why Underweight?** We expect average to above-average earnings/dividend growth through the close of the transaction and believe management has provided adequate information to be confident they can achieve growth through the forecast period. Our price target and UW rating reflect the per share purchase price according to the terms of the AGR merger agreement.

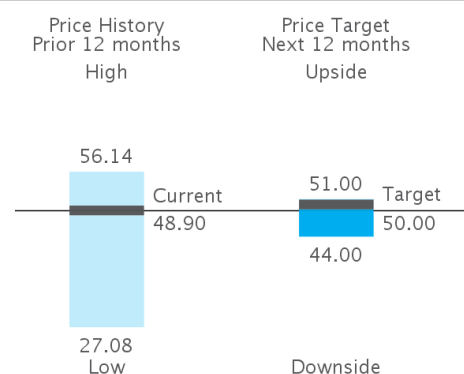
<b>Upside case</b>	<b>USD 51.00</b>
--------------------	------------------

Our upside case comprises the small likelihood a topping bid from a competitor is seriously considered.

<b>Downside case</b>	<b>USD 44.00</b>
----------------------	------------------

Our downside case assumes that the merger falls through and growth proceeds at a slower pace and the regulatory and/or economic landscape in NM does not improve. PNM could trade down to a 10% discount in this environment.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
Public Service Enterprise Group (PEG)					Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	10,076	8,660	8,778	8,768	-4.5%
EBITDA (adj)	3,191	3,583	3,729	3,873	6.7%
EBIT (adj)	1,943	2,272	2,344	2,418	7.6%
Pre-tax income (adj)	2,008	1,922	1,955	2,039	0.5%
Net income (adj)	1,666	1,742	1,726	1,759	1.8%
EPS (adj) (\$)	3.28	3.43	3.40	3.46	1.8%
Diluted shares (mn)	508.0	508.0	508.0	508.0	0.0%
DPS (\$)	1.88	1.96	2.04	2.12	4.1%

Margin and return data	Average				
EBITDA (adj) margin (%)	31.7	41.4	42.5	44.2	39.9
EBIT (adj) margin (%)	19.3	26.2	26.7	27.6	25.0
Pre-tax (adj) margin (%)	19.9	22.2	22.3	23.3	21.9
Net (adj) margin (%)	16.5	20.1	19.7	20.1	19.1
ROIC (%)	6.7	7.6	7.7	7.2	7.3
ROA (%)	3.5	3.5	3.3	3.3	3.4
ROE (%)	10.9	10.9	10.3	10.1	10.6

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	35,868	37,707	39,558	41,026	4.6%
Cash and equivalents	489	584	715	957	25.1%
Total assets	48,048	49,981	51,964	53,674	3.8%
Short and long-term debt	16,248	17,529	20,234	18,166	3.8%
Other long-term liabilities	13,689	13,917	13,795	16,194	5.8%
Total liabilities	32,779	33,966	35,258	36,286	3.4%
Shareholders' equity	15,269	16,016	16,705	17,387	4.4%
Net debt/(funds)	15,759	16,946	19,519	17,209	3.0%
Change in working capital	390	652	1,067	2,156	76.8%
Cash flow from operations	3,496	3,200	3,260	3,361	-1.3%
Capital expenditure	-3,149	-3,115	-3,203	-2,888	N/A
Free cash flow	-608	-910	-980	-604	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.0	17.2	17.4	17.1	17.4
EV/EBITDA (adj) (x)	14.3	13.1	13.3	12.2	13.2
EV/EBIT (adj) (x)	23.5	20.7	21.1	19.5	21.2
FCF yield (%)	-1.3	-1.9	-2.0	-1.3	-1.6
P/BV (x)	2.0	1.9	1.8	1.7	1.8
Dividend yield (%)	3.2	3.3	3.5	3.6	3.4
Net debt/EBITDA (adj) (x)	4.9	4.7	5.2	4.4	4.8

Selected operating metrics	Average				
Payout ratio (%)	57.3	57.2	60.0	61.2	58.9
Interest cover (x)	5.6	5.8	5.7	6.0	5.7
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020)	USD 59.05
Price Target	USD 65.00

**Why Equal Weight?** PEG is a quality company that should be able to support 6%+ utility growth in our view based on current capital expenditure projections. As the merchant arm results in lower total EPS growth and the utility has risks on transmission ROE and the clean energy plan, we see PEG as an Equal Weight investment.

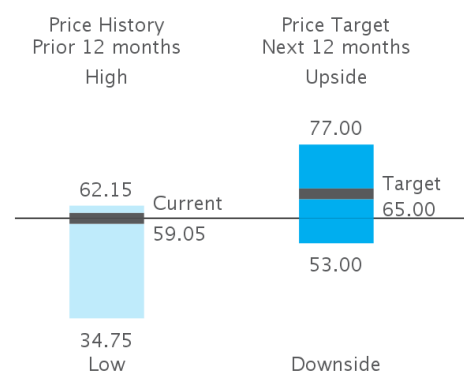
Upside case	USD 77.00
-------------	-----------

This is a 20% premium to the 23 group average PE applied to our 23 eps estimate and a 7.5x EBITDA multiple applied to our 23 Power EBITDA.

Downside case	USD 53.00
---------------	-----------

This is a 15% discount to the 23 group average PE applied to our 23 eps estimate, discounted to reflect lower transmission ROE and lower capital spending approved by the BPU estimate and a 5.0x EBITDA multiple applied to our 23 Power EBITDA.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>Sempra Energy (SRE)</b>					<b>Stock Rating: OVERWEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	10,829	11,705	11,995	12,226	4.1%
EBITDA (adj)	4,380	4,640	4,789	5,071	5.0%
EBIT (adj)	2,811	2,994	2,992	3,131	3.7%
Pre-tax income (adj)	1,734	2,022	1,998	2,109	6.7%
Net income (adj)	2,055	2,237	2,505	2,683	9.3%
EPS (adj) (\$)	7.29	7.57	7.99	8.49	5.2%
Diluted shares (mn)	282	295	313	316	3.9%
DPS (\$)	3.87	4.20	4.56	4.94	8.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	40.4	39.6	39.9	41.5	40.4
EBIT (adj) margin (%)	26.0	25.6	24.9	25.6	25.5
Pre-tax (adj) margin (%)	16.0	17.3	16.7	17.2	16.8
Net (adj) margin (%)	19.0	19.1	20.9	21.9	20.2
ROIC (%)	6.1	6.8	6.4	6.4	6.4
ROA (%)	5.3	5.1	5.1	5.1	5.1
ROE (%)	12.0	11.2	12.0	12.2	11.8

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	36,452	40,466	44,219	46,079	8.1%
Cash and equivalents	108	993	949	1,973	163.4%
Total assets	65,665	65,864	69,573	72,456	3.3%
Short and long-term debt	25,816	23,215	25,055	26,055	0.3%
Other long-term liabilities	0	0	0	0	N/A
Total liabilities	43,860	41,259	43,099	44,099	0.2%
Shareholders' equity	19,929	20,926	22,003	23,124	5.1%
Net debt/(funds)	25,708	22,222	24,106	24,082	-2.2%
Change in working capital	-1,933	3,231	1,817	1,173	N/A
Cash flow from operations	3,088	3,566	5,111	5,405	20.5%
Capital expenditure	-3,708	-5,660	-5,550	-3,800	N/A
Free cash flow	-1,755	-3,480	-1,887	32	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.4	17.7	16.8	15.8	17.2
EV/EBITDA (adj) (x)	22.4	20.9	21.1	20.0	21.1
EV/EBIT (adj) (x)	34.9	32.3	33.7	32.3	33.3
FCF yield (%)	-1.8	-3.6	-1.9	0.0	-1.8
P/BV (x)	1.9	1.9	1.9	1.8	1.9
Dividend yield (%)	2.9	3.1	3.4	3.7	3.3
Net debt/EBITDA (adj) (x)	5.9	4.8	5.0	4.7	5.1

Selected operating metrics	Average				
Payout ratio (%)	53.1	55.4	57.0	58.2	55.9
Interest cover (x)	2.6	3.1	3.0	3.1	2.9
Regulated (%)	N/A	N/A	N/A	N/A	N/A

Price (17-Nov-2020)	USD 134.06
Price Target	USD 159.00

**Why Overweight?** We think SRE represents an attractive thematic investment opportunity to invest with a top-tier management team with exposure to the best parts of the North American energy story. We also see the CA utilities' rate case outcomes as constructive to support utility growth and stability. We believe recent sensitivity to weak global LNG prices is overdone.

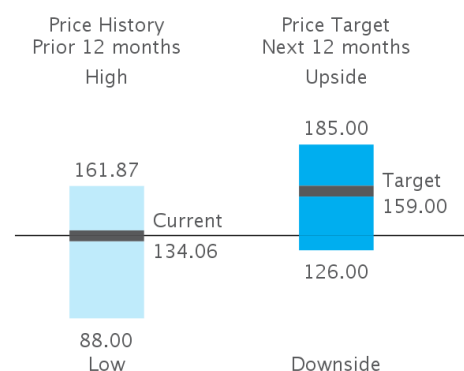
<b>Upside case</b>	<b>USD 185.00</b>
--------------------	-------------------

Our upside case assumes all LNG projects are FID'd and applies a 10% premium to SDG&E, a 15% premium in TX, and increases the SoCalGas premium to 15%.

<b>Downside case</b>	<b>USD 126.00</b>
----------------------	-------------------

Our downside case assumes no future LNG projects are FID'd, assumes the current Ilenova stock price (mxn), and lowers SDG&E to a 20% discount, SoCalGas and Texas to a 10% and 15% discount, respectively.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
The Southern Company (SO)					Stock Rating: OVERWEIGHT

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	21,419	21,943	22,397	23,008	2.4%
EBITDA (adj)	10,774	8,469	8,832	9,359	-4.6%
EBIT (adj)	7,736	5,408	5,614	5,962	-8.3%
Pre-tax income (adj)	6,542	3,951	4,057	4,447	-12.1%
Net income (adj)	4,739	3,353	3,443	3,775	-7.3%
EPS (adj) (\$)	4.53	3.18	3.27	3.53	-8.0%
Diluted shares (mn)	1,046.0	1,054.0	1,054.0	1,068.4	0.7%
DPS (\$)	2.30	2.38	2.46	2.54	3.4%

Margin and return data	Average				
EBITDA (adj) margin (%)	50.3	38.6	39.4	40.7	42.3
EBIT (adj) margin (%)	36.1	24.6	25.1	25.9	27.9
Pre-tax (adj) margin (%)	30.5	18.0	18.1	19.3	21.5
Net (adj) margin (%)	22.1	15.3	15.4	16.4	17.3
ROIC (%)	10.8	8.0	7.7	8.1	8.6
ROA (%)	4.7	3.1	3.2	3.5	3.6
ROE (%)	12.2	9.0	9.0	9.3	9.9

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	73,695	75,925	78,474	81,621	3.5%
Cash and equivalents	1,978	2,661	1,176	467	-38.2%
Total assets	109,000	106,002	109,025	113,492	1.4%
Short and long-term debt	29,834	25,295	27,728	27,529	-2.6%
Other long-term liabilities	19,063	20,552	20,851	22,249	5.3%
Total liabilities	67,393	63,447	64,038	65,922	-0.7%
Shareholders' equity	37,291	38,301	40,433	42,716	4.6%
Net debt/(funds)	27,856	22,634	26,552	27,062	-1.0%
Change in working capital	-1,567	-3,232	2,742	464	N/A
Cash flow from operations	5,781	6,418	6,664	7,175	7.5%
Capital expenditure	-7,555	-7,200	-6,900	-6,200	N/A
Free cash flow	-181	-3,291	-2,828	-1,739	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	13.8	19.6	19.1	17.7	17.6
EV/EBITDA (adj) (x)	8.4	10.1	10.1	9.6	9.6
EV/EBIT (adj) (x)	11.8	15.9	16.0	15.1	14.7
FCF yield (%)	-0.2	-3.8	-3.2	-1.9	-2.3
P/BV (x)	1.7	1.7	1.6	1.6	1.7
Dividend yield (%)	3.7	3.8	3.9	4.1	3.9
Net debt/EBITDA (adj) (x)	2.6	2.7	3.0	2.9	2.8

Selected operating metrics	Average				
Payout ratio (%)	50.8	74.8	75.3	71.9	68.2
Interest cover (x)	-6.2	-4.3	-4.4	-4.6	-4.9
Regulated (%)	94.0	94.0	194.0	294.0	169.0

Price (17-Nov-2020) USD 62.36  
Price Target USD 73.00

**Why Overweight?** Southern is a high-quality company with above-average dividend payments, which has traded to a discount based on construction risk for Vogtle. With schedule and cost risks still lessening and the risks being schedule and cost, not technology, we see SO as rerating over the next 12 months, thus justifying our Overweight rating.

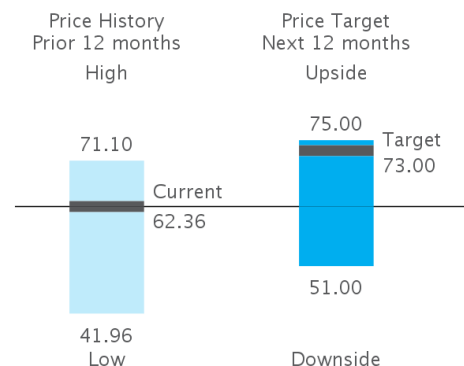
**Upside case** USD 75.00

We apply a 15% premium to group average 2023 P/E multiple on our 2023 EPS which includes the assumption that both Vogtle are in commercial operation in 2022

**Downside case** USD 51.00

We apply a 15% discount to the 2022 group average multiple applied to our 2022 EPS estimate and give no credit for future Vogtle earnings uplift

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>WEC Energy Group, Inc. (WEC)</b>					<b>Stock Rating: UNDERWEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	7,523	7,795	7,975	8,132	2.6%
EBITDA (adj)	2,458	2,701	2,840	2,971	6.5%
EBIT (adj)	1,531	1,734	1,805	1,870	6.9%
Pre-tax income (adj)	1,260	1,494	1,593	1,693	10.4%
Net income (adj)	1,134	1,195	1,273	1,353	6.1%
EPS (adj) (\$)	3.58	3.77	4.02	4.27	6.1%
Diluted shares (mn)	316.7	316.7	316.7	316.7	0.0%
DPS (\$)	2.36	2.53	2.68	2.84	6.3%

Margin and return data	Average				
EBITDA (adj) margin (%)	32.7	34.7	35.6	36.5	34.9
EBIT (adj) margin (%)	20.4	22.2	22.6	23.0	22.1
Pre-tax (adj) margin (%)	16.7	19.2	20.0	20.8	19.2
Net (adj) margin (%)	15.1	15.3	16.0	16.6	15.8
ROIC (%)	5.0	4.9	4.9	5.0	4.9
ROA (%)	3.4	3.4	3.3	3.3	3.4
ROE (%)	11.6	11.8	12.1	12.4	12.0

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	32,751	35,725	38,817	41,866	8.5%
Cash and equivalents	38	427	303	-146	N/A
Total assets	34,952	38,473	40,598	42,190	6.5%
Short and long-term debt	12,692	14,048	15,122	15,710	7.4%
Other long-term liabilities	10,304	12,184	12,810	13,359	9.0%
Total liabilities	24,838	27,964	29,664	30,801	7.4%
Shareholders' equity	10,113	10,508	10,934	11,389	4.0%
Net debt/(funds)	12,654	13,621	14,819	15,857	7.8%
Change in working capital	-5	-569	615	-1,149	N/A
Cash flow from operations	2,346	2,763	2,909	3,055	9.2%
Capital expenditure	-2,261	-2,974	-3,093	-3,048	N/A
Free cash flow	-660	-1,011	-1,032	-892	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	28.0	26.6	24.9	23.4	25.7
EV/EBITDA (adj) (x)	18.1	16.8	16.4	16.0	16.8
EV/EBIT (adj) (x)	29.0	26.2	25.8	25.4	26.6
FCF yield (%)	-1.5	-2.2	-2.2	-1.9	-2.0
P/BV (x)	3.1	3.0	2.9	2.8	3.0
Dividend yield (%)	2.4	2.5	2.7	2.8	2.6
Net debt/EBITDA (adj) (x)	5.1	5.0	5.2	5.3	5.2

Selected operating metrics	Average				
Payout ratio (%)	65.9	67.0	66.6	66.4	66.5
Interest cover (x)	3.1	3.4	3.5	3.5	3.4
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020) USD 100.18  
Price Target USD 107.00

**Why Underweight?** We rate WEC as Underweight on its group high valuation, though meaningful dividend growth, significant free cash flow, and steady ratebase growth in a constructive regulatory jurisdiction provide a lower risk profile. We give WEC a 30% premium to the 2023 group average P/E multiple.

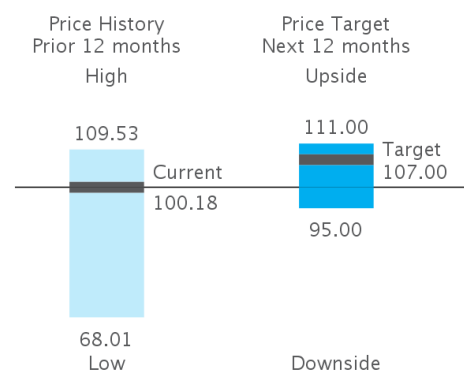
**Upside case** USD 111.00

Our upside case assumes a 35% premium to the 2023 group average P/E multiple applied to our 2023 EPS estimate.

**Downside case** USD 95.00

Our downside case assumes a 15% premium the group average multiple on our 2023 EPS estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec



North America Power & Utilities					Industry View: POSITIVE
<b>Xcel Energy Inc. (XEL)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	11,529	11,482	11,932	12,376	2.4%
EBITDA (adj)	4,038	4,154	4,463	4,800	5.9%
EBIT (adj)	2,273	2,243	2,417	2,602	4.6%
Pre-tax income (adj)	1,500	1,457	1,604	1,737	5.0%
Net income (adj)	1,372	1,455	1,604	1,737	8.2%
EPS (adj) (\$)	2.64	2.77	3.01	3.21	6.8%
Diluted shares (mn)	520	526	533	541	1.3%
DPS (\$)	1.62	1.72	1.82	1.93	6.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	35.0	36.2	37.4	38.8	36.8
EBIT (adj) margin (%)	19.7	19.5	20.3	21.0	20.1
Pre-tax (adj) margin (%)	13.0	12.7	13.4	14.0	13.3
Net (adj) margin (%)	11.9	12.7	13.4	14.0	13.0
ROIC (%)	4.1	4.2	4.2	4.1	4.1
ROA (%)	3.0	2.9	3.1	3.1	3.0
ROE (%)	9.5	8.7	10.8	9.0	9.5

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	39,483	42,291	45,325	48,785	7.3%
Cash and equivalents	248	-880	-65	1,077	63.1%
Total assets	50,448	52,125	55,993	60,615	6.3%
Short and long-term debt	18,704	19,804	21,405	22,775	6.8%
Other long-term liabilities	13,739	14,797	14,434	14,106	0.9%
Total liabilities	33,765	37,209	36,604	38,415	4.4%
Shareholders' equity	16,683	14,916	19,389	22,200	10.0%
Net debt/(funds)	18,456	20,684	21,471	21,698	5.5%
Change in working capital	-88	750	-704	1,161	N/A
Cash flow from operations	3,263	3,370	3,513	3,544	2.8%
Capital expenditure	-4,225	-4,800	-4,450	-4,900	N/A
Free cash flow	-1,753	-2,333	-1,907	-2,398	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	27.5	26.3	24.1	22.6	25.1
EV/EBITDA (adj) (x)	13.9	14.1	13.3	12.4	13.4
EV/EBIT (adj) (x)	24.7	26.1	24.5	22.9	24.5
FCF yield (%)	-3.1	-4.0	-3.2	-4.0	-3.6
P/BV (x)	2.3	2.6	2.0	1.8	2.1
Dividend yield (%)	2.2	2.4	2.5	2.7	2.4
Net debt/EBITDA (adj) (x)	4.6	5.0	4.8	4.5	4.7

Selected operating metrics	Average				
Payout ratio (%)	61.3	62.0	60.4	60.0	60.9
Interest cover (x)	2.9	2.9	3.0	3.0	2.9
Regulated (%)	100.0	100.0	100.0	100.0	100.0

Price (17-Nov-2020)	USD 72.63
Price Target	USD 82.00

**Why Equal Weight?** We rate XEL as Equal Weight as it is a well-run core large-cap utility whose mix of businesses and locations, coupled with solid operating results and visible growth, supports a 30% premium to the group average 2023 P/E multiple. XEL has rerated close to our expected premium.

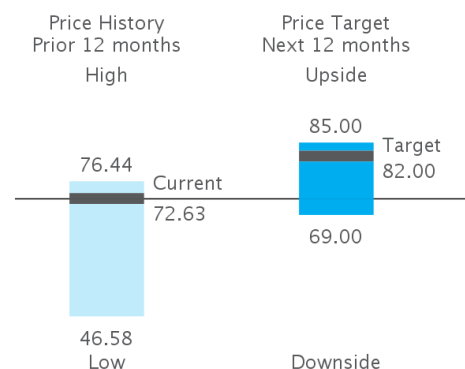
Upside case	USD 85.00
-------------	-----------

We use a 35% premium to the 2023 group average multiple applied to our 2023 EPS estimate.

Downside case	USD 69.00
---------------	-----------

We use a 10% premium to the 2023 group average multiple applied to our 2023 EPS estimate.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

North America Power & Utilities					Industry View: POSITIVE
<b>Alliant Energy Corporation (LNT)</b>					<b>Stock Rating: EQUAL WEIGHT</b>

Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR
Revenue	3,648	3,678	3,780	3,890	2.2%
EBITDA (adj)	1,345	1,356	1,446	1,549	4.8%
EBIT (adj)	777	737	782	826	2.1%
Pre-tax income (adj)	635	553	567	625	-0.5%
Net income (adj)	556	610	630	695	7.7%
EPS (adj) (\$)	2.33	2.46	2.52	2.78	6.1%
Diluted shares (mn)	239.0	247.5	250.0	250.0	1.5%
DPS (\$)	1.41	1.52	1.61	1.71	6.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	36.9	36.9	38.3	39.8	38.0
EBIT (adj) margin (%)	21.3	20.0	20.7	21.2	20.8
Pre-tax (adj) margin (%)	17.4	15.0	15.0	16.1	15.9
Net (adj) margin (%)	15.3	16.6	16.7	17.9	16.6
ROIC (%)	6.6	5.7	5.7	5.6	5.9
ROA (%)	3.7	3.7	3.6	3.8	3.7
ROE (%)	12.1	11.7	10.4	10.5	11.2

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	13,527	14,263	14,870	15,749	5.2%
Cash and equivalents	16	346	511	809	267.5%
Total assets	16,701	17,791	18,587	19,788	5.8%
Short and long-term debt	6,528	6,776	6,974	7,514	4.8%
Other long-term liabilities	0	0	0	0	N/A
Total liabilities	11,296	11,544	11,742	12,282	2.8%
Shareholders' equity	5,205	6,048	6,645	7,306	12.0%
Net debt/(funds)	6,511	6,430	6,463	6,705	1.0%
Change in working capital	1,155	-165	193	-275	N/A
Cash flow from operations	660	1,239	1,304	1,428	29.3%
Capital expenditure	-1,640	-1,380	-1,295	-1,625	N/A
Free cash flow	-1,328	-527	-404	-634	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	23.5	22.2	21.7	19.7	21.8
EV/EBITDA (adj) (x)	14.8	14.6	13.7	13.0	14.0
EV/EBIT (adj) (x)	25.6	26.9	25.4	24.3	25.6
FCF yield (%)	-6.7	-2.7	-2.0	-3.2	-3.6
P/BV (x)	2.5	2.2	2.1	1.9	2.2
Dividend yield (%)	2.6	2.8	2.9	3.1	2.9
Net debt/EBITDA (adj) (x)	4.8	4.7	4.5	4.3	4.6

Selected operating metrics	Average				
Payout ratio (%)	60.7	61.7	63.9	61.4	61.9
Interest cover (x)	2.8	2.7	2.8	2.7	2.8
Regulated (%)	92.5	92.5	92.3	92.4	92.4

Price (17-Nov-2020)	USD 54.73
Price Target	USD 65.00

**Why Equal Weight?** We assign an Equal Weight rating to LNT given our view that the current premium to the 2023E group average multiple is appropriate for a name with strong renewable growth potential and an improving regulatory profile.

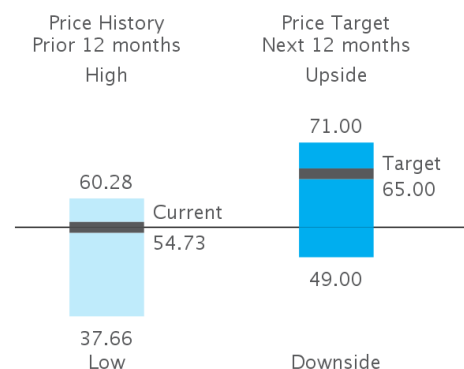
Upside case	USD 71.00
-------------	-----------

Our upside case assumes a 25% premium to the group average 2023 utility P/E multiple, which we believe can be realized if LNT receives additional renewable capex approval, translates rate base growth to EPS growth more efficiently, or consistently beats guidance for 4-6 quarters.

Downside case	USD 49.00
---------------	-----------

Our downside case assumes a 10% discount to the group average multiple, which we believe may occur if the WPL rate case is unfavorable or sales volumes are lower than expected and cash flow and earnings are put at risk.

#### Upside/Downside scenarios



Source: Company data, Bloomberg, Barclays Research  
Note: FY End Dec

## Valuation Methodology and Risks

## North America Power &amp; Utilities

**Alliant Energy Corporation (LNT)**

**Valuation Methodology:** Our LNT price target is \$65. We utilize a relative target P/E multiple to value LNT shares. We apply a 20% premium to the 18.5x group average 2023 P/E multiple to reflect LNT's strong track record for execution, visible earnings growth, attractive rate base growth opportunities driven by renewable generation that limit customer bill inflation, and constructive regulatory oversight.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Upside risks to our estimates and price target include better-than-expected regulatory outcomes, defensive equity flows, and increased M&A activity. Downside risks include inflation (commodity and PCE- leading to higher interest rates), adverse regulatory outcomes, project execution issues, or broad economic slowdown in LNT's service territories.

**Ameren Corp. (AEE)**

**Valuation Methodology:** Our \$95 price target is derived by applying a 20% premium to the group average multiple of 18.5x to our 2023 EPS estimate of \$4.28/share. We believe a premium multiple is appropriate at this time given the favorable regulatory structures AEE operates under in its primary jurisdictions of Missouri and Illinois.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Volatility of the US 30 Year Treasury Bond given formulaic rates in IL adds upside and downside risk. Threats to the IL QIP and uncertainty regarding the regulatory construct in IL and MO provide downside risk. Incremental spending opportunities from the MO IRP or clean energy legislation providing for higher levels of capex provide upside risk

**American Electric Power Company, Inc. (AEP)**

**Valuation Methodology:** Our price target for AEP is \$107. We use a 10% premium to the 2023 regulated group average multiple of 18.5x applied to our 2023 estimate of \$5.28 to reflect above average regulatory and long-term growth.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: fair and timely rate recovery, regional economic impacts resulting in lower-than-expected usage, execution on cost controls to manage customer bill impacts.

**American Water Works Company, Inc. (AWK)**

**Valuation Methodology:** We utilize a group average water P/E multiple for 2023 earnings and apply a 15% premium to AWK's consolidated 2023 EPS estimate of \$5.01. The premium reflects strong management, constructive regulatory exposure, and top-tier growth visibility.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to AWK include rate case outcomes, public system M&A deals and integration, external financing needs, and general interest rate environments.

**CenterPoint Energy, Inc. (CNP)**

**Valuation Methodology:** Our \$27 price target is premised upon the 2023 utility group average P/E multiple of 18.5x against our 2023 EPS estimate. We use the current ENBL unit price adjusted for CNP's owned shares to account for the midstream segment value.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Equity needs if ENBL cuts its distribution, reaching EPS guidance through 2023, and realizing capex opportunities in IN remain as material upside/downside risks. Broader items that could also impact the shares: 1) economic growth impacting sales volumes, 2) constructive gubernatorial and commission changes benefiting regulation and legislation, and 3) cost control to manage customer bill impacts.

**CMS Energy Corporation (CMS)**

**Valuation Methodology:** Our \$75 price target is derived by applying a 25% premium to the group average multiple of 18.5x to our 2023 EPS estimate of \$3.25. CMS has a constructive regulatory relationship in Michigan and above-average earnings/dividend growth forecast.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major company risks are: broad economic impact slowing sales growth, inability to gain fair and timely regulatory recovery, gubernatorial and commission changes impacting regulation and legislation, Ability to control costs in order to manage customer bill impacts.

**Consolidated Edison, Inc. (ED)**

**Valuation Methodology:** Our ED price target is \$83. We use a 10% discount to the 2023 group average P/E multiple of 18.5x applied to our 2023 EPS estimate of \$4.94 to reflect an average regulatory environment, a more challenged earnings outlook, and low-risk profile.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the upside are: ED being able to achieve the full allowed ROE at CECONY, competition for growing NY transmission opportunities, and competition for behind-the-meter infrastructure based on REV.

**Duke Energy Corporation (DUK)**

**Valuation Methodology:** We derive our \$102 price target for DUK by applying a 5% discount to the 2023 regulated group average multiple of 18.5x to 2023E regulated utility earnings for DUK of \$5.81 per share. We believe a discount to the group average multiple is appropriate given the lack of earnings growth historically.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: the ability to obtain fair and timely rate recovery, and recovery of coal ash costs. The ability to maintain credit metrics in order to avoid equity needs, regional economic impacts driving lower-than-expected usage, lower than expected regulatory recovery

**Edison International (EIX)**

## Valuation Methodology and Risks

**Valuation Methodology:** Our \$69 price target is based on a 20% discount to the 2023 group average multiple of 18.5x applied to an adjusted, post wildfire liability and additional funding, Barclays 2023 EPS estimate of \$5.12. The 20% discount is based upon perceived wildfire risk absent a test of AB 1054 cost recovery standards and remaining uncertainty on 2017 and 2018 wildfire liabilities.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major upside/downside risks to the company are: final wildfire liability for 17/18 fires, ultimate legislation on inverse condemnation, and regulatory outcomes in pending and future rate cases.

### Essential Utilities, Inc. (WTRG)

**Valuation Methodology:** We value WTRG's water business using a 5% premium to the group average water multiple. The 5% premium reflects strong regulatory exposure and public M&A opportunities, balanced by growth visibility lower than peers. We value the regulated gas business at a 15% premium to reflect a strong growth profile and familiar regulatory exposure.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to WTRG include rate case outcomes and general regulatory treatment, gas price inflation impacts on customer bills, and general interest rate environments.

### Eversource Energy (ES)

**Valuation Methodology:** We derive our \$100 price target by applying a 25% premium to the group average P/E multiple of 18.5x, to our 2023 earnings estimate of \$4.34 per share. We believe a premium multiple is appropriate at this time given the nature of ES's growth profile, regulatory relationships, accretion from the Columbia Gas of MA acquisition and recovery mechanisms.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** The primary risk to our investment thesis is a change in regulation. We don't expect significant regulatory change in any of ES's jurisdictions at this time.

### FirstEnergy Corp. (FE)

**Valuation Methodology:** Our \$33 price target for FE is based on a 30% discount to the group average 2023 multiple of 18.5x applied to our pro forma FY23 EPS estimate, adjusted for an assumed \$2bn equity issuance to reflect balance sheet repair following fines or penalties. The 30% discount is based on our expectation that the ongoing Ohio corruption investigation serves as an overhang to the stock valuation regardless of the financial impact.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major company risks are: OH corruption investigation, regulatory recovery in pending and future cases as well as prudence of spending associated with rate riders and formulaic rates; the ability to finance and execute on capital investment plans; broad economic impacts driving customer usage trends; and cost control execution to manage customer bill increases.

### NextEra Energy, Inc. (NEE)

**Valuation Methodology:** Our price target of \$87 is premised upon a SOTP with a 20% premium to the 2023 group average PE multiple of 18.5x applied to our 2023 EPS estimate of \$1.74, a 17.5x 23E EV/EBITDA for the NEER business – comparable to valuations of renewables developers such as Ørsted. We then add \$3 for NEP as we take the Barclays \$67 NEP price target and flow it through to represent NEE's ownership.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** The major company risks are: ability to achieve fair and timely rate recovery, competition for renewable energy projects at NEER, federal legislation impacting profitability or competition of renewable generation, and regional economic impacts resulting in lower-than-expected usage.

### NiSource, Inc. (NI)

**Valuation Methodology:** Our \$29 price target is derived using the 2023 regulated utility group average P/E of 18.5x applied to our 2023 EPS estimate of \$1.55. This reflects our view that NiSource, despite near-term headwinds, is a quality utility with a above-average medium-term rate base growth strategy from coal replacement power and gas and electric infrastructure modernization.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: the ability to obtain fair and timely rate recovery, regional economic impacts driving lower-than-expected usage, and cost controls to manage customer rates.

### NorthWestern Corporation (NWE)

**Valuation Methodology:** Our \$63 price target is derived using the 2023 regulated utility group average P/E of 18.5x discounted by 10% to account for lower than average growth, applied to our 2023 EPS estimate of \$3.79. We believe favorable geographic attributes of the state are outweighed by regulatory challenges and uncertainties in Montana.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: fair and timely rate recovery; regional economic impacts; potential ability to manage customer bill impacts. Upside risks include positive regulatory outcomes and potential for new build of capacity resources in Montana.

### OGE Energy Corp. (OGE)

**Valuation Methodology:** We derive our \$36 price target by applying a 10% discount to the group average multiple of 18.5x applied to our 2023 utility earnings estimate combined with the current ENBL price \$5 applied to the 111 units that OGE owns.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** OGE's capital plans impute less than 5% rate base growth. This is lower than the group average and is indicative of a below average regulatory jurisdiction. The upside is that as most companies grow earnings at or below the rate base growth level, OGE has the opportunity to grow regulated earnings in the 4-6% level on solid customer growth combined with potential to close the earned to allowed ROE gap that exists. The key (upside and downside risk) to enhancing growth lies in gaining rider approvals in Oklahoma. As significant generation and environmental spending is winding down, grid modernization, reliability, resiliency and technology are the next set of major spending programs.

### PG&E Corporation (PCG)

## Valuation Methodology and Risks

**Valuation Methodology:** Our \$14 price target is based on a 35% discount to the group average 2023E P/E multiple of 18.5x against a \$1.25 EPS estimate, reduced by the NPV of wildfire fund contributions, assuming the fund lasts 15 years.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** There is additional downside risk if capital structure changes lead to additional equity, future wildfires occur, or earnings are negatively impacted by regulatory outcomes.

### Pinnacle West Capital Corporation (PNW)

**Valuation Methodology:** Our \$103 price target is derived by applying the group average multiple of 18.5x, to our 2023 EPS estimate of \$5.56. We expect the company to deliver average EPS and above-average dividend growth through 2023. In our view, the current regulatory uncertainty and geographic attributes justify a discount to the group average P/E multiple on a 2023 utility earnings.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major company risks to the downside include: 1) poor regulatory outcome of current APS rate case, 2) economic impact of lower sales growth, 3) ability to control costs in order to manage customer bill impacts and potential to allow retail choice, 4) deterioration of the regulatory construct.

### PNM Resources, Inc. (PNM)

**Valuation Methodology:** Our \$50 price target is premised upon the 2023 utility group average PE multiple of 18.5x applied to the Barclays 2023E EPS \$2.68 estimate. Our price target is consistent with the terms of the AGR acquisition offer.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Events and outcomes that could result in under performance are: lack of regulatory support for the acquisition or a change in management sentiment regarding the acquisition.

### Public Service Enterprise Group (PEG)

**Valuation Methodology:** Our price target for PEG is \$65. We use a sum of the parts methodology, where we use a 5% premium to the 2023 regulated group average PE multiple of 18.5x applied to our 2023 EPS estimate for the utility and parent earnings of \$3.18 and apply a 5X EBITDA multiple to the 2023 genco earnings.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Volatility in power prices, changes to the structure of the PJM, NYISO of NEPOOL capacity or energy markets. FERC ROE changes, or NJ BPU approval or changes to the pending Clean Energy Future capital spending plans.

### Sempra Energy (SRE)

**Valuation Methodology:** We utilize a sum of the parts valuation framework for SRE. We apply a relative P/E multiple premium / discount to the North American utility businesses a base group average (10% premium for Texas, 15% for SoCalGas, group average for SDG&E). We utilize the Barclays Ilenova Price Target and adjust for SRE ownership and spot USDMXN for Peso translation. We utilize a probability-weighted DCF approach for the LNG business depending on where each facility is on securing contracting for export capacity.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks include incremental equity needs, FIDs at LNG projects, construction problems, and negative regulatory outcomes.

### The Southern Company (SO)

**Valuation Methodology:** We derive our \$73 price target by applying the 2023 regulated group average P/E multiple of 18.5x to our 2023 EPS estimate of \$3.92 for SO

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: Adverse regulatory outcomes for Vogtle or the upcoming Georgia rate case; additional, unexpected delays to the plant Vogtle schedule; economic impacts that would drive lower electric usage; competition for renewable and contract generation impacting Southern Power's growth; and ability to drive O&M lower in order to earn the allowed ROE in each jurisdiction.

### WEC Energy Group, Inc. (WEC)

**Valuation Methodology:** Our price target of \$107 represents a 30% premium valuation relative to the utility peer group P/E multiple of 18.5x on our 2023 EPS estimate of \$4.45. We believe this premium valuation is justified by the strong performance record the company has achieved and our belief that its forward growth goals are both realistic and achievable.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to the upside are: Continued load growth; higher than regulated returns from nonregulated renewable investments; ability to get fair and timely rate recovery; execution on cost controls; continued flight to safety and flows into the "comfort" group of utilities.

### Xcel Energy Inc. (XEL)

**Valuation Methodology:** Our \$82 price target is based on a 30% premium to the group average multiple of 18.5x applied to our 2023 EPS estimate of \$3.40. We believe this premium valuation fairly reflects the quality, strength, and potential endurance of the company's growth.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Major risks to the company are: ability to obtain fair and timely rate recovery, execution on coal to renewable generation transformation, ability to maintain credit metrics while financing its long-term capital plan, and execution on cost control to manage customer bill impact.

Source: Barclays Research.



## ANALYST(S) CERTIFICATION(S):

I, Eric Beaumont, CFA, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

## IMPORTANT DISCLOSURES

Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

### Availability of Disclosures:

Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to <https://publicresearch.barclays.com> or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to <https://publicresearch.barclays.com/S/RD.htm>. In order to access Barclays Research Conflict Management Policy Statement, please refer to: <https://publicresearch.barclays.com/S/CM.htm>.

### Primary Stocks (Ticker, Date, Price)

Alliant Energy Corporation (LNT, 17-Nov-2020, USD 54.73), Equal Weight/Positive, CE/J/K/M

Ameren Corp. (AEE, 17-Nov-2020, USD 80.60), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

American Electric Power Company, Inc. (AEP, 17-Nov-2020, USD 86.73), Overweight/Positive, A/CD/CE/D/E/J/K/L/M/N

American Water Works Company, Inc. (AWK, 17-Nov-2020, USD 159.29), Equal Weight/Positive, CE/J

CenterPoint Energy, Inc. (CNP, 17-Nov-2020, USD 25.17), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

CMS Energy Corporation (CMS, 17-Nov-2020, USD 63.83), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

Consolidated Edison, Inc. (ED, 17-Nov-2020, USD 79.25), Underweight/Positive, A/CD/CE/D/J/K/L/M

Duke Energy Corporation (DUK, 17-Nov-2020, USD 92.92), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

Edison International (EIX, 17-Nov-2020, USD 65.60), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

Essential Utilities, Inc. (WTRG, 17-Nov-2020, USD 44.88), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

Eversource Energy (ES, 17-Nov-2020, USD 91.75), Equal Weight/Positive, A/CD/CE/D/E/J/K/L/M

FirstEnergy Corp. (FE, 17-Nov-2020, USD 28.74), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

NextEra Energy, Inc. (NEE, 17-Nov-2020, USD 76.61), Equal Weight/Positive, A/CD/CE/D/E/J/K/L/M

NiSource, Inc. (NI, 17-Nov-2020, USD 24.75), Overweight/Positive, A/CD/CE/D/J/K/L/M

NorthWestern Corporation (NWE, 17-Nov-2020, USD 60.38), Equal Weight/Positive, CD/CE/J

OGE Energy Corp. (OGE, 17-Nov-2020, USD 34.21), Equal Weight/Positive, CE/J

PG&E Corporation (PCG, 17-Nov-2020, USD 11.72), Overweight/Positive, A/CD/CE/D/J/K/L/M

Pinnacle West Capital Corporation (PNW, 17-Nov-2020, USD 86.78), Overweight/Positive, A/CD/CE/D/E/J/K/L/M

PNM Resources, Inc. (PNM, 17-Nov-2020, USD 48.90), Underweight/Positive, CD/CE/FA/J

Public Service Enterprise Group (PEG, 17-Nov-2020, USD 59.05), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

Sempra Energy (SRE, 17-Nov-2020, USD 134.06), Overweight/Positive, A/CD/CE/D/J/K/L/M

The Southern Company (SO, 17-Nov-2020, USD 62.36), Overweight/Positive, A/CD/CE/D/J/K/L/M

WEC Energy Group, Inc. (WEC, 17-Nov-2020, USD 100.18), Underweight/Positive, A/CD/CE/D/J/K/L/M

Xcel Energy Inc. (XEL, 17-Nov-2020, USD 72.63), Equal Weight/Positive, A/CD/CE/D/J/K/L/M

### Materially Mentioned Stocks (Ticker, Date, Price)

NextEra Energy Partners LP (NEP, 17-Nov-2020, USD 64.77), Equal Weight/Neutral, CE/J

## IMPORTANT DISCLOSURES

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available price at the time of publication.

### Disclosure Legend:

**A:** Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

**B:** An employee or non-executive director of Barclays PLC is a director of this issuer.

**CD:** Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.

**CE:** Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.

**D:** Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**E:** Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

**FA:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.

**FB:** Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FC:** Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FD:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.

**GD:** One of the Research Analysts on the fundamental credit coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**GE:** One of the Research Analysts on the fundamental equity coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**H:** This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.

**I:** Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.

**J:** Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.

**K:** Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.

**L:** This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

**M:** This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

**N:** This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

**O:** Not in use.

**P:** A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

**Q:** Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

**R:** Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**S:** This issuer is a Corporate Broker to Barclays PLC.

**T:** Barclays Bank PLC and/or an affiliate is providing equity advisory services to this issuer.

**U:** The equity securities of this Canadian issuer include subordinate voting restricted shares.

**V:** The equity securities of this Canadian issuer include non-voting restricted shares.

### Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

### Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or



## IMPORTANT DISCLOSURES

Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

### Stock Rating

**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Underweight** - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Rating Suspended** - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

### Industry View

**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

#### North America Alternative Energy

Array Technologies, Inc. (ARRY)	Azure Power Global (AZRE)	Brookfield Renewable Energy Partners LP (BEP)
Brookfield Renewable Energy Partners LP (BEP_u.TO)	Covanta Holding (CVA)	Enphase Energy (ENPH)
Enviva Partners LP (EVA)	First Solar (FSLR)	GFL Environmental (GFL)
GFL Environmental (GFL.TO)	NextEra Energy Partners LP (NEP)	Plug Power, Inc. (PLUG)
SolarEdge Technologies Inc. (SEDG)	SunPower (SPWR)	Sunrun Inc. (RUN)

#### North America Power & Utilities

Alliant Energy Corporation (LNT)	Ameren Corp. (AEE)	American Electric Power Company, Inc. (AEP)
American Water Works Company, Inc. (AWK)	Brookfield Infrastructure Partners LP (BIP)	Brookfield Infrastructure Partners LP (BIP_u.TO)
CenterPoint Energy, Inc. (CNP)	CMS Energy Corporation (CMS)	Consolidated Edison, Inc. (ED)
Dominion Energy (D)	DTE Energy (DTE)	Duke Energy Corporation (DUK)
Edison International (EIX)	Essential Utilities, Inc. (WTRG)	Eversource Energy (ES)
Exelon Corporation (EXC)	FirstEnergy Corp. (FE)	NextEra Energy, Inc. (NEE)
NiSource, Inc. (NI)	NorthWestern Corporation (NWE)	OGE Energy Corp. (OGE)
PG&E Corporation (PCG)	Pinnacle West Capital Corporation (PNW)	PNM Resources, Inc. (PNM)
Portland General Electric Company (POR)	Public Service Enterprise Group (PEG)	Sempra Energy (SRE)
The Southern Company (SO)	WEC Energy Group, Inc. (WEC)	Xcel Energy Inc. (XEL)

### Distribution of Ratings:

Barclays Equity Research has 1632 companies under coverage.

48% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 50% of companies with this rating are investment banking clients of the Firm; 73% of the issuers with this rating have received financial services from the Firm.

36% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 43% of companies with this rating are investment banking clients of the Firm; 68% of the issuers with this rating have received financial services from the Firm.

13% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 33% of companies with this rating are investment banking clients of the Firm; 61% of the issuers with this rating have received financial services from the Firm.

### Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

## IMPORTANT DISCLOSURES

### Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. Barclays Equity Research publishes "Top Picks" reports every quarter and analysts may also publish intra-quarter changes to their Top Picks, as necessary. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. To view the current list of Top Picks, go to the Top Picks page on Barclays Live (<https://live.barcap.com/go/keyword/TopPicks>).

To see a list of companies that comprise a particular industry coverage universe, please go to <https://publicresearch.barclays.com>.

### Types of investment recommendations produced by Barclays Equity Research:

In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

### Disclosure of other investment recommendations produced by Barclays Equity Research:

Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to <https://live.barcap.com/go/research/Recommendations>.

### Legal entities involved in producing Barclays Research:

Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong Branch (Barclays Bank, Hong Kong)

Barclays Capital Canada Inc. (BCCI, Canada)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

Barclays Bank PLC, India Branch (Barclays Bank, India)

Barclays Bank PLC, Singapore Branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

## DISCLAIMER:

This publication has been produced by Barclays Research Department in the Investment Bank of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been prepared for institutional investors and not for retail investors. It has been distributed by one or more Barclays affiliated legal entities listed below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. To the extent that this publication states on the front page that it is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors under U.S. FINRA Rule 2242, it is an "institutional debt research report" and distribution to retail investors is strictly prohibited. Barclays also distributes such institutional debt research reports to various issuers, media, regulatory and academic organisations for their own internal informational news gathering, regulatory or academic purposes and not for the purpose of making investment decisions regarding any debt securities. Media organisations are prohibited from re-publishing any opinion or recommendation concerning a debt issuer or debt security contained in any Barclays institutional debt research report. Any such recipients that do not want to continue receiving Barclays institutional debt research reports should contact [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Clients that are subscribed to receive equity research reports, will not receive certain cross asset research reports co-authored by equity and FICC research analysts that are distributed as "institutional debt research reports" unless they have agreed to accept such reports. Eligible clients may get access to such cross asset reports by contacting [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Barclays will not treat unauthorized recipients of this report as its clients and accepts no liability for use by them of the contents which may not be suitable for their personal use. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the information or opinions contained in any written, electronic, audio or video presentations of third parties that are accessible via a direct hyperlink in this publication or via a hyperlink to a third-party web site ("Third-Party Content"). Any such Third-Party Content has not been adopted or endorsed by Barclays, does not represent the views or opinions of Barclays, and is not incorporated by reference into this publication. Third-Party Content is provided for information purposes only and Barclays has not independently verified its accuracy or completeness.

The views in this publication are solely and exclusively those of the authoring analyst(s) and are subject to change, and Barclays Research has no obligation to update its opinions or the information in this publication. Unless otherwise disclosed herein, the analysts who authored this report have not received any compensation from the subject companies in the past 12 months. If this publication contains recommendations, they are general recommendations that were prepared independently of any other interests, including those of Barclays and/or its affiliates, and/or the subject companies. This publication does not contain personal investment recommendations or investment advice or take into account the individual financial circumstances or investment objectives of the clients who receive it. The securities and other investments discussed herein may not be suitable for all investors. Barclays is not a fiduciary to any recipient of this publication. Investors must independently evaluate the merits and risks of the investments discussed herein, consult any independent advisors they believe necessary, and exercise independent judgment with regard to any investment decision. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results. The information provided does not constitute a financial benchmark and should not be used as a submission or contribution of input data for the purposes of determining a financial benchmark.

**United Kingdom:** This document is being distributed (1) only by or with the approval of an authorised person (Barclays Bank PLC) or (2) to, and is directed at (a) persons in the United Kingdom having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (c) other persons to whom it may otherwise lawfully be communicated (all such persons being "Relevant Persons"). Any investment or investment activity to which this communication relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this communication should not rely on or act upon it. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

**European Economic Area ("EEA"):** This material is being distributed in the EEA by Barclays Bank PLC. Barclays Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel.

**Americas:** The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of IIROC ([www.iiroc.ca](http://www.iiroc.ca)), and a Member of the Canadian Investor Protection Fund (CIPF).

This material is distributed in Mexico by Barclays Bank Mexico, S.A. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has

not filed this material with any regulatory body in those jurisdictions.

**Japan:** This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokuchō (kinsho) No. 143.

**Asia Pacific (excluding Japan):** Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

All Indian securities-related research and other equity research produced by Barclays' Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker INZ000269539 (member of NSE and BSE); Depository Participant with the National Securities & Depositories Limited (NSDL): DP ID: IN-DP-NSDL-299-2008; Investment Adviser: INA000000391. BSIPL is also registered as a Mutual Fund Advisor having AMFI ARN No. 53308. The registered office of BSIPL is at 208, Ceejay House, Shivsagar Estate, Dr. A. Besant Road, Worli, Mumbai – 400 018, India. Telephone No: +91 22 67196363. Fax number: +91 22 67196399. Any other reports produced by Barclays' Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INBI00000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI CoR-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays' Investment Bank.

This material is distributed in Singapore by the Singapore Branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

This material is distributed to persons in Australia by Barclays Bank PLC or one of the Barclays group entities. None of Barclays Bank PLC, nor such Barclays group entity, holds an Australian financial services licence and instead relies on an exemption from the requirement to hold such a licence. This material is intended to only be distributed to "wholesale clients" as defined by the Australian Corporations Act 2001. This material is distributed in New Zealand by Barclays Bank PLC, but it has not been registered, filed or approved by any New Zealand regulatory authority or under or in accordance with the Financial Markets Conduct Act of 2013, and this material is not a disclosure document under New Zealand law.

**Middle East:** Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 ("Advisory Law"). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.

This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

**Russia:** This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

**IRS Circular 230 Prepared Materials Disclaimer:** Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2020). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14

5HP. Additional information regarding this publication will be furnished upon request.

